

To NASDAQ OMX Copenhagen A/S  
and the press

17 May 2013

## **NYKREDIT BANK A/S – a subsidiary of Nykredit Realkredit A/S consolidated in the Nykredit Group's Financial Statements**

### **Q1 INTERIM REPORT – THE NYKREDIT BANK GROUP 1 JANUARY – 31 MARCH 2013**

- Profit before tax was DKK 99m against DKK 152m in Q1/2012
- Income from business operations decreased by 5% to DKK 800m, which was more than offset by positive value adjustment of derivatives and corporate bonds of DKK 15m compared with a charge of DKK 170m in Q1/2012
- Operating costs were DKK 472m, which was on a level with Q1/2012
- Impairment losses on loans and advances were DKK 217m, equal to 0.2%
- Payments to the Danish Guarantee Fund for Depositors and Investors were DKK 24m in Q1/2013 against DKK 8m in Q1/2012
- Costs excl impairment losses as a percentage of core income from business operations totalled 62.0%
- The balance sheet stood at DKK 239.3bn compared with DKK 240.5bn at end-2012
- Profit before tax generated a return on equity of 2.8% pa against 4.3% pa for Q1/2012
- The Bank still has no direct exposures to sovereign debt issued by the GIIISP countries.

#### **LIQUIDITY**

- Excess cover relative to statutory liquidity requirements was 218.1% against 183.2% at end-2012. The level is considered adequate considering the Bank's liquidity risk and requirements
- The Nykredit Bank Group's deposit surplus was DKK 14.9bn.

#### **CAPITAL**

- The total capital ratio and the Tier 1 capital ratio both came to 20.6%. The core Tier 1 capital ratio was 20.2%
- The internal capital adequacy requirement (ICAAP) was 10.4% against 10.5% at end-2012
- Equity stood at DKK 14.3bn at 31 March 2013.

#### **INFORMATION ABOUT THE NYKREDIT BANK GROUP**

The Q1 Interim Reports 2013 of the Nykredit Bank Group and the Nykredit Group and further information about Nykredit are available at [nykredit.com](http://nykredit.com).

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# FINANCIAL HIGHLIGHTS – THE NYKREDIT BANK GROUP

DKK million	Q1/2013	Q1/2012	FY 2012
<b>CORE EARNINGS AND RESULTS FOR THE PERIOD</b>			
<b>Core income from</b>			
- business operations	800	839	3,447
- value adjustment of derivatives and corporate bonds	15	(170)	(1,067)
- securities	10	25	61
<b>Total</b>	<b>825</b>	<b>694</b>	<b>2,441</b>
Operating costs and depreciation of equipment	472	461	1,824
Payment to the Guarantee Fund for Depositors and Investors	24	8	23
<b>Core earnings before impairment losses</b>	<b>329</b>	<b>225</b>	<b>594</b>
Impairment losses on loans and advances and provisions for guarantees	217	93	557
<b>Core earnings after impairment losses</b>	<b>112</b>	<b>132</b>	<b>37</b>
Investment portfolio income <sup>1</sup>	(13)	20	30
<b>Profit before tax</b>	<b>99</b>	<b>152</b>	<b>67</b>
Tax	25	41	(1)
<b>Profit for the period</b>	<b>74</b>	<b>111</b>	<b>68</b>
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>			
<b>Assets</b>			
Cash balance and receivables from central banks and credit institutions	29,287	43,008	44,812
Loans, advances and other receivables at fair value	43,097	32,830	35,401
Loans, advances and other receivables at amortised cost	50,271	56,050	49,807
Bonds at fair value and equities	64,250	72,179	58,399
Remaining asset items	52,427	43,161	52,099
<b>Total assets</b>	<b>239,332</b>	<b>247,228</b>	<b>240,518</b>
<b>Liabilities and equity</b>			
Payables to credit institutions and central banks	56,264	67,967	55,355
Deposits and other payables	65,183	56,828	54,701
Issued bonds at amortised cost	27,362	31,576	28,498
Other non-derivative financial liabilities at fair value	26,702	32,179	33,741
Remaining payables	48,910	43,917	53,468
Provisions	317	198	235
Subordinated debt	250	250	250
Equity	14,344	14,313	14,270
<b>Total liabilities and equity</b>	<b>239,332</b>	<b>247,228</b>	<b>240,518</b>
<b>OFF-BALANCE SHEET ITEMS</b>			
Contingent liabilities	10,084	11,040	12,169
Other commitments	8,591	6,601	7,858
<b>FINANCIAL RATIOS</b>			
Profit for the period as % of average equity, pa	2.1	3.1	0.5
Profit before tax for the period as % of average equity, pa	2.8	4.3	0.5
Core earnings before impairment losses as % of average equity, pa	9.2	6.3	4.2
Core earnings after impairment losses as % of average equity, pa	3.1	3.7	0.3
Costs excl impairment losses as % of core income from business operations	62.0	55.9	53.6
Provisions for loan impairment, DKKm	4,067	4,315	4,057
Impairment losses for the period, %	0.2	0.1	0.5
Total capital ratio, %	20.6	21.2	21.3
Tier 1 capital ratio, %	20.6	21.2	21.3
Core Tier 1 capital ratio, %	20.2	20.8	21.0
Average number of full-time staff	856	848	850

<sup>1</sup> Commission expenses relating to an intercompany guarantee has been included from 1 January 2012.

# THE NYKREDIT BANK GROUP

## NYKREDIT BANK GROUP RESULTS

The Group reported a profit before tax of DKK 99m against DKK 152m in Q1/2012.

Core income from business operations decreased by DKK 39m in Q1/2013 compared with Q1/2012. This reduction mainly resulted from lower income from Nykredit Markets due to decreasing market activity, whereas other business units generally recorded income on a level with Q1/2012.

Value adjustment of interest rate swaps developed favourably and was a credit of DKK 15m against a charge of DKK 170m in Q1/2012.

Impairment losses for the period amounted to DKK 217m and remained at an acceptable level at 0.2% of loans and advances.

Generally, impairment losses were in line with expectations. However, Q1/2013 was affected by impairment losses of about DKK 125m relating to individual terminated exposures. But for the full year, terminated exposures are not expected to imply significant net impairment losses. Moreover, the development relative to Q1/2012 must also be seen in light of the fact that 2012 was positively affected by income from reversal of provisions.

### Core income from business operations

Core income from business operations reduced by 4.6% from DKK 839m to DKK 800m, of which Wholesale accounted for a fallback of DKK 50m and Retail for DKK 9m compared with Q1/2012.

Group Items recorded core income growth of DKK 20m, improving from a loss of DKK 59m in Q1/2012 to a loss of DKK 39m.

The Group's loans and advances at amortised cost came to DKK 50.3bn, which was on a level with DKK 49.8bn at end-2012. Deposits grew from DKK 54.7bn at end-2012 to DKK 65.2bn. Lending demand thus continued to be relatively subdued, while deposits generally rose mainly on account of higher fixed-term deposits.

### Value adjustment of derivatives and corporate bonds

In Q1/2013, value adjustment was a credit of DKK 14m, which was notably an effect of a marginal interest rate rise, reducing the underlying market values. Compared with Q1/2012, when value adjustment was a charge of DKK 190m, this represented a positive effect of DKK 204m.

As the Bank's interest rate swaps have typically been entered into on a hedged basis, the net interest rate exposure is very modest.

Furthermore, value adjustment of corporate bonds was DKK 1m in Q1/2013 compared with DKK 20m in Q1/2012.

### Core income from securities

Core income from securities dropped from DKK 25m in Q1/2012 to DKK 10m in Q1/2013, which mirrored the decline in the risk-free interest rate from an average 0.7% in Q1/2012 to 0.3% in Q1/2013. The risk-free interest rate equals Denmark's Nationalbank's lending rate.

### Operating expenses, depreciation and amortisation

Staff and administrative expenses rose by DKK 12m, or 2.6%, to DKK 469m, of which payroll costs accounted for DKK 3m, or 1.5%, while other administrative expenses grew by DKK 9m.

The average number of full-time staff increased to 856 from 848 in Q1/2012 compared with a total of 850 for the full year 2012.

## The Nykredit Bank Group

### Results before tax for 1 January – 31 March by business area

DKK million	Retail		Wholesale		Group Items		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
<b>Core income from:</b>								
customer activity, gross	309	299	530	599	(39)	(59)	800	839
payment for distribution	179	198	(179)	(198)	0	0	-	-
<b>Core income from business operations</b>	<b>488</b>	<b>497</b>	<b>351</b>	<b>401</b>	<b>(39)</b>	<b>(59)</b>	<b>800</b>	<b>839</b>
Value adjustment of derivatives and corporate bonds	14	(211)	1	41	-	-	15	(170)
Core income from securities	-	-	-	-	10	25	10	25
<b>Total core income</b>	<b>502</b>	<b>286</b>	<b>352</b>	<b>442</b>	<b>(29)</b>	<b>(34)</b>	<b>825</b>	<b>694</b>
Operating costs	222	214	179	185	71	62	472	461
Payment to the Guarantee Fund for Depositors and Investors	12	-	3	-	9	8	24	8
<b>Core earnings before impairment losses</b>	<b>268</b>	<b>72</b>	<b>170</b>	<b>257</b>	<b>(109)</b>	<b>(104)</b>	<b>329</b>	<b>225</b>
Impairment losses on loans and advances	101	92	64	1	52	0	217	93
<b>Core earnings after impairment losses</b>	<b>167</b>	<b>(20)</b>	<b>106</b>	<b>256</b>	<b>(161)</b>	<b>(104)</b>	<b>112</b>	<b>132</b>
Investment portfolio income	-	-	-	-	(13)	20	(13)	20
<b>Profit (loss) before tax for the period</b>	<b>167</b>	<b>(20)</b>	<b>106</b>	<b>256</b>	<b>(174)</b>	<b>(84)</b>	<b>99</b>	<b>152</b>

*Guarantee Fund for Depositors and Investors*

The payment amounted to DKK 24m in Q1/2013 compared with DKK 8m in Q1/2012.

The charge in Q1/2013 comprised an ordinary payment of DKK 15m and a DKK 9m adjustment of the Bank's expenses relating to distressed banks.

The charge in Q1/2012 related to a subsequent adjustment of expenses for distressed banks. No ordinary payments were made in 2012.

*Impairment losses and provisions*

Impairment losses and provisions rose from DKK 93m in Q1/2012 to DKK 217m in Q1/2013, of which individual impairment provisions and other provisions increased to DKK 308m and collective impairment provisions reduced by DKK 91m.

The development was in part attributable to Wholesale impairments, increasing by DKK 63m to DKK 64m owing to higher provisions for guarantees relating to a few terminated exposures. It is also related to the fact that Q1/2012 was affected by income due to reversals of impairment losses and provisions.

Impairment losses on Retail were DKK 101m compared with DKK 92m in Q1/2012 and comprised higher impairment losses on small and medium-sized enterprises (SMEs), while the provisioning need for personal customers decreased.

Impairment losses on Group Items were DKK 52m compared with DKK 0m in Q1/2012.

Impairment losses for the period remained at an acceptable 0.2% of loans, advances and guarantees against 0.1% in Q1/2012.

**Investment portfolio income**

The investment portfolio produced a loss of DKK 13m in Q1/2013 compared with an income of DKK 20m in Q1/2012.

Investment portfolio income is the excess income in addition to risk-free interest obtained from the portfolios not allocated to the business areas. Investment portfolio income also included commission to Nykredit Holding for a special guarantee provided to strengthen the Bank's total capital ratio and Tier 1 capital ratio as well as positive value adjustment of a small equity portfolio.

**Tax**

Tax for the period has been estimated at DKK 25m, corresponding to 25.8% of profit before tax for the period.

**OUTLOOK FOR 2013**

For the remainder of 2013, the Bank expects to retain the current level of core income from business operations and a cost level that is generally in line with Q1/2013. Overall, core earnings after impairment losses are expected to exceed the 2012 level.

The development in loan impairment losses and value adjustment of interest rate swaps is difficult to assess and will depend on the development of a number of factors, including the housing market and interest rate levels.

## BALANCE SHEET, EQUITY AND CAPITAL ADEQUACY

### Balance sheet

The balance sheet stood at DKK 239.3bn, which was largely unchanged compared with end-2012 when the balance sheet totalled DKK 240.5bn.

Balances with credit institutions and cash balances reduced by DKK 15.5bn to DKK 29.3bn, while loans and advances at fair value went up by DKK 7.7bn to DKK 43.1bn.

Loans and advances at amortised cost were DKK 50.3bn, which was unchanged from end-2012 when the item was DKK 49.8bn. This level reflected continued relatively subdued loan demand within both Retail and Wholesale. Compared with end-2012, lending by Retail went

### The Nykredit Bank Group

#### Lending and deposits

DKK million	31.03.2013	31.12.2012	31.03.2012
<b>Loans and advances</b>			
Retail	26,303	27,185	28,394
Personal	14,011	14,342	15,173
Commercial	12,292	12,843	13,221
Wholesale	20,814	19,655	24,933
Loans and advances at fair value (reverse lending)	43,097	35,401	32,830
Group Items and other lending	3,154	2,967	2,723
<b>Deposits</b>			
Retail	38,630	36,244	34,121
Personal	21,583	21,113	18,599
Commercial	17,047	15,131	15,522
Wholesale	23,915	16,285	19,957
Deposits at fair value (repo)	17,200	17,718	17,995
Group Items and other deposits	2,638	2,172	2,750

### The Nykredit Bank Group

#### Equity

DKK million	31.03.2013	31.12.2012	31.03.2012
Equity, beginning of period	14,270	14,202	14,202
Profit after tax for the period	74	68	111
<b>Equity, end of period</b>	<b>14,344</b>	<b>14,270</b>	<b>14,313</b>

### The Nykredit Bank Group

#### Capital base and capital adequacy

DKK million	31.03.2013	31.12.2012	31.03.2012
Share capital	6,045	6,045	6,045
Retained earnings	8,299	8,225	8,268
<b>Core Tier 1 capital</b>	<b>14,344</b>	<b>14,270</b>	<b>14,313</b>
Primary and other statutory deductions from core Tier 1 capital	57	57	206
Supplementary capital and hybrid capital	250	250	250
Other additions to and deductions from capital base	-	-	-
<b>Capital base after statutory deductions</b>	<b>14,537</b>	<b>14,463</b>	<b>14,357</b>
Weighted items	70,724	68,019	67,840
Total capital ratio, %	20.6	21.3	21.2
Tier 1 capital ratio, %	20.6	21.3	21.2
Core Tier 1 capital ratio, %	20.2	21.0	20.8
Internal capital adequacy requirement (ICAAP), %	10.4	10.5	10.2

down by about DKK 0.9bn, while Wholesale showed an increase of DKK 1.2bn.

The portfolio of bonds expanded from DKK 58.0bn at end-2012 to DKK 63.8bn. The size and development of the portfolio reflected the Bank's repo activities and trading positions, including the Stockholm activities, and the development in and placement of the Bank's liquidity of which a substantial part is placed in securities. The portfolio mainly consisted of high-rated government and covered bonds.

Other assets totalled DKK 51.2bn against DKK 50.9bn at end-2012. At 31 March 2013, DKK 39.8bn was attributable to positive market values of derivatives compared with DKK 43.9bn at end-2012. The positive market values related to the Bank's customer activities in derivatives and own positions for hedge accounting purposes (hedging of interest rate risk). These transactions were widely hedged and should be viewed in the context of Other liabilities, which included negative market values in the amount of DKK 40.3bn.

The item Other assets also included interest and commission receivable.

Payables to credit institutions and central banks rose from DKK 55.4bn at end-2012 to DKK 56.3bn at 31 March 2013.

Deposits and other payables amounted to DKK 65.2bn, up DKK 10.5bn from DKK 54.7bn at end-2012. Retail deposits gained DKK 2.4bn and Wholesale DKK 7.6bn, notably an effect of higher fixed-term deposits.

Relative to lending at amortised cost, the Bank's deposit surplus was DKK 14.9bn.

Issued bonds fell from DKK 28.5bn at end-2012 to DKK 27.4bn at 31 March 2013. In Q1/2013 the Bank made issues under the ECP and EMTN programmes with satisfactory sales and interest rate levels.

Other non-derivative financial liabilities at fair value, which include deposits relating to repo transactions, came to DKK 26.7bn against DKK 33.7bn at end-2012.

Other liabilities totalled DKK 48.2bn against DKK 52.8bn at end-2012. The item mainly consisted of negative market value of financial instruments (DKK 40.3bn) and interest and commission payable.

### Equity

Equity stood at DKK 14.3bn at 31 March 2013. Compared with 31 December 2012, equity grew by DKK 74m, which equalled profit after tax for the period. Equity was identical in Nykredit Bank A/S and the Nykredit Bank Group, as the same recognition and measurement principles are applied.

### Capital base and capital adequacy

The capital base was DKK 14.5bn at 31 March 2013, unchanged from the end of 2012.

At 31 March 2013, the capital requirement totalled DKK 5.7bn against DKK 5.4bn at end-2012.

The total capital ratio was 20.6% compared with 21.3% at end-2012. The internal capital adequacy requirement (ICAAP) was 10.4%.

Nykredit Bank has a target of maintaining a Tier 1 capital ratio of at least 12%. The Tier 1 capital ratio was 20.6% at 31 March 2013 compared with 21.3% at end-2012. The core Tier 1 capital ratio was 20.2% at 31 March 2013.

To underpin the Bank's rating, Nykredit Holding issued a loss guarantee for the part of the earnings impact of the Bank's impairment losses and provisions that exceeds 2% of loans, advances and guarantees in a financial year subject to a maximum of DKK 2.0bn for the term of the guarantee. The guarantee resulted in a reduction in the capital requirement for credit risk of about DKK 14.2bn.

Weighted assets rose by DKK 2.7bn compared with end-2012. The development comprised an increase of DKK 0.9bn in items involving credit risk, a drop of DKK 0.4bn in items involving operational risk and an increase of DKK 2.1bn in items involving market risk.

#### ICAAP buffer

Nykredit Bank conducts a number of stress tests to determine its internal capital adequacy requirement. In light of the risk of cyclical fluctuations in impairment losses on unsecured bank loans and counterparty risk as well as in credit quality in general, it has been decided to set a minimum internal capital adequacy requirement of 10% of risk-weighted assets even if the model-based calculations indicate a lower ratio.

#### Ratings

Nykredit Bank is rated by Standard & Poor's and Fitch Ratings. Ratings are unchanged from end-2012.

#### Nykredit Bank A/S Ratings

	Fitch	Standard & Poor's
Short-term ratings	F1	A-1
Long-term ratings	A	A+

# BUSINESS AREAS

## BUSINESS AREAS

The Nykredit Bank Group's business areas are:

- Retail, which includes personal customers as well as SMEs
- Wholesale, which comprises the business units Corporate & Institutional Banking, Nykredit Markets and Nykredit Asset Management
- Group Items, which comprises the Bank's Treasury area and other income and costs not allocated to the business areas, including core income from securities and investment portfolio income.

Gross income from customer activity is basically allocated to the business areas which have supplied the individual products (including Nykredit Markets and Nykredit Asset Management). Income which may be attributed to the sales activities of Retail and Corporate & Institutional Banking is subsequently reallocated in full. Correspondingly, the related sales costs of Nykredit Markets and Nykredit Asset Management are reallocated to Retail and Corporate & Institutional Banking.

### Retail

The business area comprises banking services for personal customers and SMEs.

Retail posted a profit before tax of DKK 167m compared with a loss of DKK 20m in Q1/2012.

The main reason for this development was value adjustment of derivatives that came to a charge of DKK 211m in Q1/2012 against a credit of DKK 14m in Q1/2013.

Conversely, core income from business operations fell back slightly by DKK 9m to a total of DKK 488m.

Operating costs rose by DKK 8m to DKK 222m, which was in line with expectations.

Impairment losses on loans and advances were DKK 101m in Q1/2013 against DKK 92m in Q1/2012. The charge in 2013 was chiefly attrib-

utable to individual impairment provisions for lending to SMEs, whereas collective impairment provisions totalled a credit of DKK 43m.

Impairment losses were 0.3% of loans and advances against 0.2% in Q1/2012.

Costs excluding impairment losses as a percentage of core income from business operations totalled 48.0% against 43.1% in Q1/2012.

The subsidiary Nykredit Leasing contributed a profit before tax of DKK 6.7m to the business area's results against a profit before tax of DKK 4.2m in Q1/2012.

### Lending and deposits

The business area's lending dropped by DKK 0.9bn to DKK 26.3bn, while deposits went up by DKK 2.4bn from DKK 36.2bn to DKK 38.6bn.

The level in Q1/2013 was still characterised by a property market generating only low banking activity and generally modest demand for finance.

### Wholesale

Wholesale comprises banking activities with the Bank's corporate and institutional clients, including non-profit housing customers, Nykredit Markets and Nykredit Asset Management activities and Other Activities, including a special loan portfolio of terminated exposures.

The business area posted a profit of DKK 106m in Q1/2013. This represented a DKK 150m decline on Q1/2012 when profit was DKK 256m.

### Gross income

The area's gross income totalled DKK 530m against DKK 599m in Q1/2012.

Of this amount, gross income from Nykredit Markets was DKK 186m, down DKK 92m from Q1/2012, while income from Nykredit Asset Management reduced by DKK 7m to DKK 199m. Corporate & Institutional Banking recorded a DKK 30m upturn in gross income from customer activities, which totalled DKK 145m.

In Nykredit Markets's business area, which includes transactions with institutional customers, activity levels slowed somewhat, but market share is growing. However, as a result of generally subdued financial market activity, including a 20% drop in the volume of bonds traded on NASDAQ OMX Copenhagen, income decreased relative to the same period last year.

Earnings in Nykredit Asset Management were marginally lower than in the same period in 2012. Assets under management amounted to DKK 111.8bn, corresponding to a rise of DKK 8.1bn relative to end-2012. Assets under administration totalled DKK 545.7bn against DKK 513.7bn at end-2012.

### Wholesale: Income and income allocation to Retail

DKK million	Q1/2013	Q1/2012
<b>Customer activity, gross</b>		
Nykredit Markets	186	278
Nykredit Asset Management	199	206
Corporate & Institutional Banking	145	115
<b>Total</b>	<b>530</b>	<b>599</b>
<b>Income allocated to customer areas</b>		
Nykredit Markets	(70)	(103)
Nykredit Asset Management	(121)	(116)
Corporate & Institutional Banking	12	21
<b>Total allocation to Retail</b>	<b>(179)</b>	<b>(198)</b>
<b>Core income</b>		
Nykredit Markets	116	175
Nykredit Asset Management	78	90
Corporate & Institutional Banking	157	136
<b>Total</b>	<b>351</b>	<b>401</b>

*Core earnings*

The area's core income from business operations amounted to DKK 351m in Q1/2013, down DKK 50m on Q1/2012. This was mainly a result of the lower activity levels in financial markets, which affected Nykredit Markets's earnings.

Value adjustment of derivatives and corporate bonds was a credit of DKK 1m in Q1/2013, down DKK 40m from DKK 41m in Q1/2012.

Operating costs edged lower to DKK 179m compared with Q1/2012.

Impairment losses on loans and advances came to DKK 64m against DKK 1m in Q1/2012. The charge in 2013 was due to an impairment loss of DKK 75m relating to the portfolio of terminated exposures and reversals of impairment losses of DKK 11m in other areas.

Impairment losses were unchanged at 0.3% of loans and advances compared with Q1/2012.

Costs (excluding impairment losses) as a percentage of core income from business operations totalled 51.9% against 46.1% in Q1/2012.

The subsidiary Nykredit Portefølje Administration reported a profit before tax of DKK 21m against DKK 22m in Q1/2012.

*Lending and deposits*

Lending increased from DKK 19.7bn at end-2012 to DKK 20.8bn at 31 March 2013. This included the portfolio of terminated exposures of DKK 1.2bn against DKK 1.6bn at end-2012.

Deposits came to DKK 23.9bn against DKK 16.3bn at end-2012.

**Group Items**

Group Items includes the results of the Bank's Treasury area, core earnings and investment portfolio income from securities as well as other income and expenses not allocated to the business areas. Significant unallocated costs include IT development and regulation of payments to the Guarantee Fund for Depositors and Investors relating to distressed banks.

A loss of DKK 174m was recorded against a loss of DKK 84m in Q1/2012.

Treasury posted a loss of about DKK 110m in Q1/2013, of which impairment losses on a small number of exposures were DKK 52m.

Core earnings and investment portfolio income from securities were a loss of DKK 3m compared with a profit of DKK 45m in Q1/2012.

Unallocated expenses were DKK 66m against DKK 56m in Q1/2012. In Q1/2013, the item included expenses of DKK 9m for the Guarantee Fund for Depositors and Investors and expenses of DKK 57m for IT development. In Q1/2012, IT development costs came to DKK 48m, while the payment to the Guarantee Fund for Depositors and Investors amounted to DKK 8m.



# IMPAIRMENT LOSSES, LOANS AND ADVANCES

## Earnings impact for the period

Impairment losses rose from DKK 93m in Q1/2012 to DKK 217m in Q1/2013. Of this charge, about DKK 125m was attributable to a few terminated exposures.

Impairment losses in Retail increased by DKK 9m, while impairment losses on Wholesale and Group Items went up by DKK 63m and DKK 52m, respectively, relative to Q1/2012. This reflects a reversal of a number of provisions for Wholesale exposures in Q1/2012 as well as impairment charges of DKK 52m relating to Group Items in Q1/2013.

Of the total charge, DKK 257m related to individual impairment provisions, while collective impairment provisions came to a credit of DKK 91m. Provisions for guarantees of DKK 60m were made, and income received from claims previously provided for totalled DKK 9m.

The charge amounted to 0.2% of total loans, advances and guaran-

tees against 0.1% for Q1/2012 and 0.5% for the full year 2012. The charge for SMEs was 0.6%, while the ratio was close to 0 for the other business areas.

## Provisions at 31 March 2013

Total impairment provisions increased from DKK 4,057m at end-2012 to DKK 4,086m at 31 March 2013.

Of the rise of DKK 29m, DKK 115m was recognised as lost, whereas new impairment provisions for the period amounted to DKK 144m net. Individual impairment provisions of DKK 120m were recognised for the period, whereas collective impairment provisions reduced by DKK 91m.

Impairment provisions for Retail went up from DKK 2,141m at end-2012 to DKK 2,149m due to a reduction of DKK 18m in impairment provisions for personal customers and a rise of DKK 26m in provisions

## Provisions – the Nykredit Bank Group

DKK million	Retail		Wholesale		Group Items		Total	
	Q1/2013	Q1/2012	Q1/2013	Q1/2012	Q1/2013	Q1/2012	Q1/2013	Q1/2012
Impairment provisions, beginning of period	2,141	2,114	1,810	2,089	106	91	4,057	4,294
Impairment provisions and reversals for the period	8	(21)	(30)	39	51	2	29	20
<b>Impairment provisions, end of period</b>	<b>2,149</b>	<b>2,093</b>	<b>1,780</b>	<b>2,128</b>	<b>157</b>	<b>93</b>	<b>4,086</b>	<b>4,314</b>
Of which individual	2,053	1,906	1,731	1,946	138	91	3,922	3,943
Of which individual, banks	-	-	-	-	19	-	19	-
Of which collective	96	187	49	182	0	2	145	372
<b>Provisions for guarantees</b>								
Provisions, beginning of period	74	62	8	52	0	0	82	114
Provisions, end of period	78	59	64	10	0	0	142	69
<b>Total provisions, end of period</b>	<b>2,227</b>	<b>2,152</b>	<b>1,844</b>	<b>2,138</b>	<b>157</b>	<b>93</b>	<b>4,228</b>	<b>4,384</b>
<b>Earnings impact</b>								
New impairment provisions and losses for the period, net	100	95	14	48	52	2	166	145
Received on loans and advances previously provided for	3	0	6	5	0	2	9	7
<b>Total</b>	<b>97</b>	<b>95</b>	<b>8</b>	<b>43</b>	<b>52</b>	<b>0</b>	<b>157</b>	<b>138</b>
Provisions for guarantees	4	(3)	56	(42)	0	0	60	(45)
<b>Total earnings impact</b>	<b>101</b>	<b>92</b>	<b>64</b>	<b>1</b>	<b>52</b>	<b>0</b>	<b>217</b>	<b>93</b>

## Loans, advances and guarantees by sector at 31 March 2013 and 31 December 2012

DKK million	Loans, advances and guarantees		Provisions	
	31.03.2013	31.12.2012	31.03.2013	31.12.2012
<b>Public sector</b>	<b>473</b>	<b>513</b>	<b>0</b>	<b>4</b>
Agriculture, hunting, forestry and fishing	1,824	1,957	167	167
Manufacturing, mining and quarrying	6,412	6,377	144	155
Energy supply	1,238	523	8	9
Construction	1,800	1,816	284	279
Trade	2,217	2,217	234	237
Transport, accommodation and food service activities	2,953	2,135	125	101
Information and communication	890	879	75	73
Financial and insurance activities	47,903	39,703	728	742
Property	12,226	13,136	1,441	1,367
Other commercial	7,041	8,109	424	397
<b>Total commercial</b>	<b>84,504</b>	<b>76,852</b>	<b>3,630</b>	<b>3,527</b>
<b>Personal</b>	<b>18,475</b>	<b>20,012</b>	<b>579</b>	<b>608</b>
<b>Total</b>	<b>103,452</b>	<b>97,377</b>	<b>4,209</b>	<b>4,139</b>
<b>Total, incl impairment provisions for banks</b>	<b>-</b>	<b>-</b>	<b>4,228</b>	<b>4,139</b>

The distribution is based on public sector statistics and is therefore not directly comparable with the Bank's business areas.

for SMEs.

Impairment provisions for Wholesale exposures decreased from DKK 1,810m at end-2012 to DKK 1,780m, reflecting a DKK 3m reduction in provisions for the portfolio of terminated exposures from DKK 1,220m to DKK 1,217m. Other business units saw a decline from DKK 590m at end-2012 to DKK 563m.

At 31 March 2013, terminated exposures totalled DKK 1.2bn against DKK 1.6bn at end-2012 (carrying amounts).

Total provisions for guarantees increased from DKK 82m at end-2012 to DKK 142m at 31 March 2013. The increase was primarily attributable to "Other activities" under Wholesale and related to higher provisions relating to a small number of terminated exposures.

Relative to total loans, advances and guarantees, provisions were 3.9% against 4.1% at end-2012. Excluding guarantees, the percentage was 4.2% against 4.5% at end-2012.

#### Loans, advances and guarantees by sector

Loans, advances and guarantees were DKK 103.5bn at 31 March 2013 against DKK 97.4bn at end-2012. The increase of DKK 6.1bn primarily stemmed from higher reverse lending, which grew by DKK 7.7bn to DKK 43.1bn.

Loans and advances at amortised cost went up by DKK 0.5bn, whereas guarantees fell by DKK 2.1bn.

Finance and Insurance still accounted for the largest single sectoral exposure of DKK 47.9bn against DKK 39.7bn at end-2012. The exposure widely comprises reverse lending with bonds serving as collateral.

The sectoral distribution generally showed no significant changes compared with the sector breakdown at end-2012.

Finance and Insurance accounted for 46.3% (end-2012: 40.8%), the property sector 11.8% (end-2012: 13.5%) and personal customers 17.9% (end-2012: 20.6%).

Exclusive of reverse lending, the Bank's lending growth was 0.9%, determined pursuant to the rules of the Danish Financial Supervisory Authority (FSA), including rules relating to the Supervisory Diamond. The limit values of the Supervisory Diamond show when a bank is assuming elevated risk. The lending limit value indicates that growth of 20% or more may imply higher risk. The Bank's lending growth of 0.9% is thus significantly below the limit.

Inclusive of reverse lending, the Bank's lending increased by 9.6% relative to end-2012.

Lending to the property and construction sectors fell from DKK 15.0bn at end-2012 to DKK 14.0bn. Of total lending at 31 March 2013, DKK 10.7bn derived from the rental property sector (end-2012: DKK 11.6bn). At 31 March 2013, impairment provisions for lending to the property sector totalled DKK 1.7bn or 11.0% of total lending compared with DKK 1.6bn or 9.9% at end-2012.

Determined pursuant to the Supervisory Diamond, the Bank's property exposure was 12.9% (end-2012: 14.6%). In Management's opinion, this exposure is still at a satisfactory level, also relative to the Danish FSA's indicative limit of 25%.

#### *The Supervisory Diamond for banks*

As at 31 March 2013 and 31 December 2012, Nykredit Bank's ratios were below the limit values prescribed by the FSA.

#### Supervisory Diamond for banks (Parent Company level)

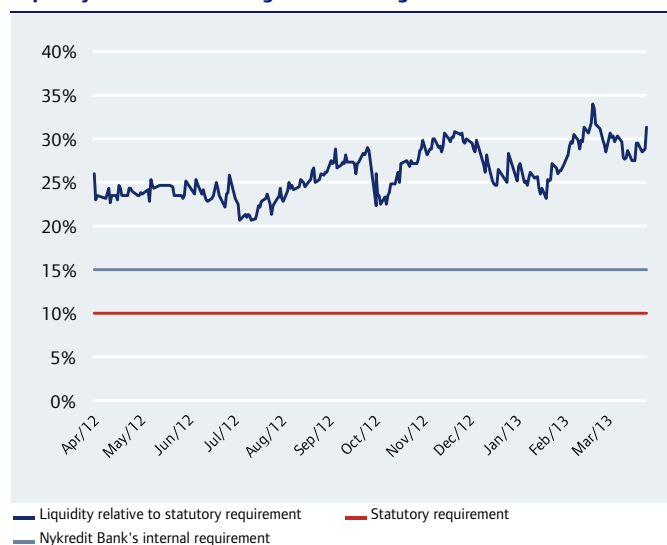
DKK million	Q1/2013	FY 2012
Lending growth (limit value <20%)*	0.9	(10.7)
Large exposures (limit value <125%)	15.2	0.0
Property exposure (limit value <25%)	12.9	14.6
Funding ratio (limit value <1.0%)	0.6	0.6
Excess liquidity cover (limit value 50%)	218.3	183.1

\* Determined exclusive of reverse lending

# LIQUIDITY AND FINANCIAL RISK

## Nykredit Bank A/S

### Liquidity as % of debt and guarantee obligations



Note: The graph shows Nykredit Bank's liquidity as % of total debt and guarantee obligations after statutory deductions, cf s 152 of the Danish Financial Business Act.

## Liquidity

Liquidity risk reflects the risk of loss as a result of insufficient liquidity to cover current payment obligations.

Nykredit Bank monitors its balance sheet and liquidity on a day-to-day basis as part of its liquidity risk management. The management of the Bank's structural liquidity risk is based on an internal model relating to the liquidity of assets and liabilities.

Securities on the trading book not serving as collateral constitute a short-term liquidity buffer that may be applied in the case of unforeseen drains on the Bank's liquidity. These securities consist mainly of liquid Danish and European government and covered bonds eligible as collateral with the Danish central bank or other European central banks.

Stress testing is performed on a continuous basis using bank-specific, sector-specific and combination scenarios as prescribed by the Danish Executive Order on the governance and management of banks.

According to the Danish Financial Business Act, a bank's liquidity must be at least 10% of total reduced debt and guarantee obligations. Nykredit Bank operates with an internal excess liquidity cover of minimum 50% relative to the statutory requirement.

At 31 March 2013, the excess cover was 218% against 209% at end-Q1/2012, corresponding to a liquidity buffer of DKK 53.0bn compared with DKK 52.4bn at end-March 2012. In Q1/2013, the liquidity buffer averaged DKK 42.3bn compared with DKK 35.4bn in Q1/2012.

The Bank's long-term funding activities progressed according to plan, with EMTN issues totalling DKK 16.2bn at 31 March 2013, of which issuance in Q1/2013 amounted to DKK 1.2bn.

Further, the Bank continued refinancing short-term ECP issues, totalling DKK 12.1bn at 31 March 2013.

The aggregate amount issued under the ECP and EMTN programmes was DKK 28.4bn at 31 March 2013 against DKK 29.7bn at end-2012.

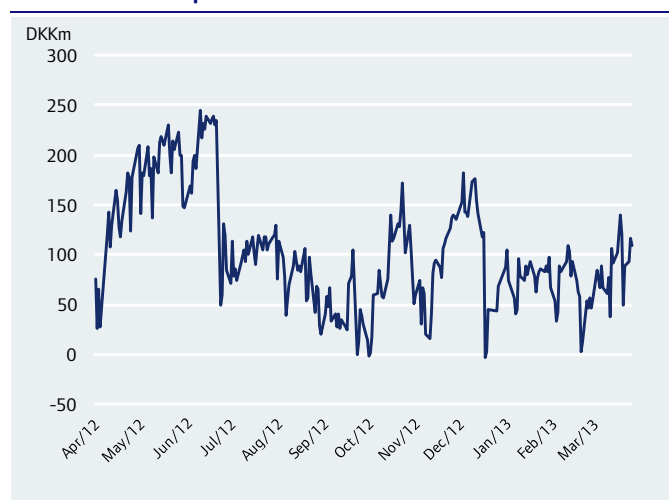
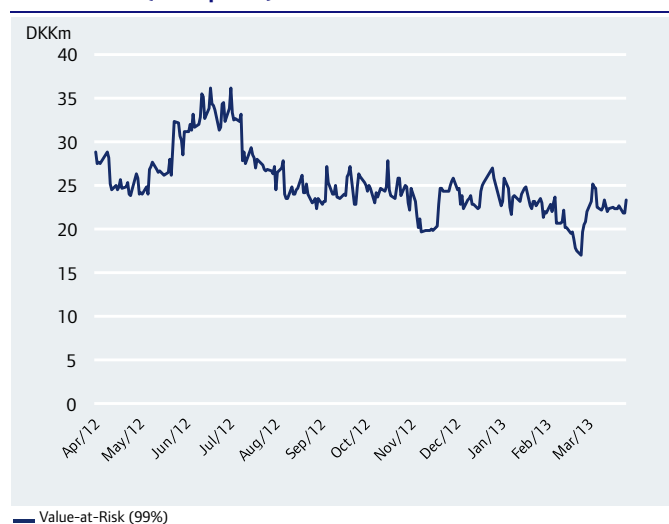
Total run-off under Nykredit Bank's EMTN programme in 2013 will be DKK 8bn. Refinancing takes place regularly and commenced already in the autumn of 2012. As regards short-term ECP issues, Nykredit Bank expects to maintain an outstanding amount of DKK 7bn-12bn in 2013.

The total EMTN and ECP issuance requirement depends on the development in the Bank's deposits and lending as well as the Bank's other business activities.

The Danish central bank introduced new liquidity measures for banks in 2011 by expanding the collateral base to include credit claims of good quality. The Bank is positive towards this initiative, but has no plans to make use of the facility given the Bank's liquidity position.

**The Nykredit Bank Group****Risk key figures**

DKK million	Q1/2013	Q1/2012	2012
<b>Value-at-Risk</b>			
End of period	23	28	26
Average	20	30	27
<b>Interest rate risk</b>			
End of period	109	79	68
<b>Foreign exchange position</b>			
EUR	4	11	74
Excl EUR and DKK	29	14	16

**Nykredit Bank A/S****Net interest rate exposure****Nykredit Bank A/S****Value-at-Risk (incl equities)****LIQUIDITY COVERAGE RATIO**

Nykredit will be subject to the new international regulatory framework regarding the Liquidity Coverage Ratio (LCR) in early 2015. It is Nykredit's expectation that its covered bonds (SDOs and ROs) will be eligible for inclusion in the stock of liquid assets. Nykredit expects to replace its portfolio of self-issued bonds by other bonds in connection with the implementation of the rules, which is not considered to give rise to any problems.

Under these assumptions, the LCR of Nykredit Bank was 113% at 31 March 2013.

Nykredit Bank expects to fulfil the forthcoming LCR requirements well ahead of schedule regardless of the final implementation.

On the back of its expected SIFI status, Nykredit anticipates that the LCR requirement will be at least 100% as from 1 January 2015.

**Financial risk**

Value-at-Risk (VaR) came to DKK 23m at 31 March 2013 against DKK 28m at 31 March 2012. VaR averaged DKK 20m in Q1/2013 against DKK 30m in Q1/2012.

The Bank's VaR has edged down relative to the same period last year, notably driven by reduced interest-rate volatilities, particularly in the key currencies DKK, EUR and SEK.

Stressed VaR was DKK 53m at end-March 2013 and averaged DKK 47m in Q1/2013.

The interest rate exposure was DKK 109m against DKK 79m at 31 March 2012.

The Bank's foreign exchange position in EUR was DKK 4m at 31 March 2013 against DKK 11m at 31 March 2012. Its foreign exchange position in currencies other than EUR and DKK totalled DKK 29m at 31 March 2013 against DKK 14m at 31 March 2012.

**EVENTS OCCURRED AFTER 31 MARCH 2013**

In May 2013, the Danish tax authorities suggested a change to Nykredit's reported income for the tax assessment year 2009. Reference is made to note 26 "Contingent liabilities".

No other significant events have occurred in the period up to the presentation of the Q1 Interim Report 2013.

**UNCERTAINTY AS TO RECOGNITION AND MEASUREMENT**

The measurement of certain assets and liabilities is based on accounting estimates made by Group Management.

The areas in which assumptions and estimates significant to the financial statements have been made include provisions for loan and receivable impairment, unlisted financial instruments and listed financial instruments which in the light of the financial turmoil are priced in markets characterised by low turnover, and provisions, the determination of which involves a number of estimates.

Uncertainty as to recognition and measurement is described in detail in the Bank's accounting policies (note 1 of the Annual Report 2012), to which reference is made.

# MANAGEMENT STATEMENT

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## STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD ON THE INTERIM REPORT

The Board of Directors and the Executive Board have today reviewed and approved the Interim Report for 1 January – 31 March 2013 of Nykredit Bank A/S and the Nykredit Bank Group.

The Consolidated Financial Statements have been presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. The Interim Financial Statements of the Parent Company, Nykredit Bank A/S, have been prepared in accordance with the Danish Financial Business Act and the Danish Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc.

Further, the Interim Report has been prepared in accordance with additional Danish disclosure requirements for interim reports of issuers of listed bonds.

We are of the opinion that the Interim Financial Statements give a fair presentation of the Group's and the Parent Company's assets, liabilities, equity and financial position at 31 March 2013 and of the results of the Group's and the Parent Company's operations as well as the Group's cash flows for the financial period 1 January – 31 March 2013.

We are furthermore of the opinion that the Management's Review gives a fair review of the development in the operations and financial circumstances of the Group and the Parent Company as well as a description of the material risk and uncertainty factors which may affect the Group and the Parent Company.

The Interim Report has not been audited or reviewed.

Copenhagen, 17 May 2013

### Executive Board

Bjørn Mortensen

Georg Andersen

Lars Bo Bertram

### Board of Directors

Karsten Knudsen, Chairman

Søren Holm, Deputy Chairman

Henrik K. Asmussen, staff-elected

Olav Brusen Barsøe, staff-elected

Kim Duus

Allan Kristiansen, staff-elected

Per Ladegaard

Bente Overgaard

# Statements of income and other comprehensive income DKK million

## for 1 January – 31 March 2013

Nykredit Bank A/S				The Nykredit Bank Group	
Q1/2012	Q1/2013		note	Q1/2013	Q1/2012
1,063	834	Interest income	5	855	1,081
482	277	Interest expenses	6	277	478
<b>581</b>	<b>557</b>	<b>NET INTEREST INCOME</b>		<b>578</b>	<b>603</b>
0	1	Dividend on equities		1	0
290	293	Fee and commission income		348	334
175	168	Fee and commission expenses		168	178
<b>696</b>	<b>683</b>	<b>NET INTEREST AND FEE INCOME</b>		<b>759</b>	<b>759</b>
(52)	47	Value adjustments	7	46	(52)
1	0	Other operating income		7	7
423	421	Staff and administrative expenses	8	469	457
1	2	Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets		2	2
8	24	Other operating expenses		25	10
88	211	Impairment losses on loans, advances and receivables	9	217	93
20	21	Profit from investments in associates and group enterprises	10	-	-
<b>145</b>	<b>93</b>	<b>PROFIT BEFORE TAX</b>		<b>99</b>	<b>152</b>
34	19	Tax	11	25	41
<b>111</b>	<b>74</b>	<b>PROFIT FOR THE PERIOD</b>		<b>74</b>	<b>111</b>
		<b>STATEMENTS OF COMPREHENSIVE INCOME</b>			
<b>111</b>	<b>74</b>	<b>PROFIT FOR THE PERIOD</b>		<b>74</b>	<b>111</b>
-	-	Other additions and disposals		-	-
-	-	<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>111</b>	<b>74</b>	<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>74</b>	<b>111</b>

# Balance sheets, end of period

DKK million

Nykredit Bank A/S				The Nykredit Bank Group	
31.12.2012	31.03.2013		note	31.03.2013	31.12.2012
<b>ASSETS</b>					
7,032	4,988	Cash balance and demand deposits with central banks		4,988	7,032
37,780	24,298	Receivables from credit institutions and central banks	12	24,299	37,780
35,401	43,097	Loans, advances and other receivables at fair value	13	43,097	35,401
49,659	50,123	Loans, advances and other receivables at amortised cost	14	50,271	49,807
57,827	63,627	Bonds at fair value	15	63,823	58,023
375	426	Equities	16	427	376
435	456	Investments in group enterprises		-	-
23	23	Intangible assets		23	23
29	27	Other property, plant and equipment		27	29
193	191	Current tax assets		205	212
44	31	Deferred tax assets		0	0
49	38	Assets in temporary possession	17	893	904
50,871	51,116	Other assets	18	51,154	50,918
8	120	Prepayments		125	13
<b>239,726</b>	<b>238,561</b>	<b>TOTAL ASSETS</b>		<b>239,332</b>	<b>240,518</b>

## Balance sheets, end of period

DKK million

Nykredit Bank A/S				The Nykredit Bank Group	
31.12.2012	31.03.2013		note	31.03.2013	31.12.2012
<b>LIABILITIES AND EQUITY</b>					
55,355	56,264	Payables to credit institutions and central banks	19	56,264	55,355
54,756	65,265	Deposits and other payables	20	65,183	54,701
28,498	27,362	Issued bonds at amortised cost	21	27,362	28,498
33,741	26,702	Other non-derivative financial liabilities at fair value	22	26,702	33,741
0	0	Liabilities temporarily assumed		659	659
52,649	48,099	Other liabilities	23	48,247	52,805
1	1	Deferred income		4	4
<b>225,000</b>	<b>223,693</b>	<b>TOTAL PAYABLES</b>		<b>224,421</b>	<b>225,763</b>
<b>Provisions</b>					
-	-	Provisions for deferred tax		43	29
82	142	Provisions for losses under guarantees	24	142	82
124	132	Other provisions	24	132	124
<b>206</b>	<b>274</b>	<b>TOTAL PROVISIONS</b>		<b>317</b>	<b>235</b>
250	250	Subordinated debt	25	250	250
<b>Equity</b>					
6,045	6,045	Share capital		6,045	6,045
<b>Other reserves</b>					
151	151	Statutory reserves		-	-
8,074	8,148	Retained earnings		8,299	8,225
<b>14,270</b>	<b>14,344</b>	<b>TOTAL EQUITY</b>		<b>14,344</b>	<b>14,270</b>
<b>239,726</b>	<b>238,561</b>	<b>TOTAL LIABILITIES AND EQUITY</b>		<b>239,332</b>	<b>240,518</b>
<b>OFF-BALANCE SHEET ITEMS</b>					
12,171	10,084	Contingent liabilities	26	10,084	12,169
7,501	8,296	Other commitments	27	8,591	7,858
		Accounting policies	1		
		Capital adequacy and Tier 1 capital	2		
		Core earnings and investment portfolio income	3		
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		Related party transactions and balances	28		
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# Statement of changes in equity

DKK million

Nykredit Bank A/S

	Share capital	Statutory reserves	Retained earnings	Total
<b>EQUITY, 31 MARCH 2013</b>				
End of previous financial year	6,045	151	8,074	14,270
<b>Total</b>	<b>6,045</b>	<b>151</b>	<b>8,074</b>	<b>14,270</b>
<b>Comprehensive income</b>				
Profit for the period			74	74
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>74</b>	<b>74</b>
<b>Total changes in equity</b>	<b>-</b>	<b>-</b>	<b>74</b>	<b>74</b>
<b>Equity, 31 March 2013</b>	<b>6,045</b>	<b>151</b>	<b>8,148</b>	<b>14,344</b>
<b>EQUITY, 31 MARCH 2012</b>				
End of previous financial year	6,045	70	8,074	14,202
<b>Total</b>	<b>6,045</b>	<b>70</b>	<b>8,074</b>	<b>14,202</b>
<b>Comprehensive income</b>				
Profit for the period	-	-	111	111
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>111</b>	<b>111</b>
<b>Total changes in equity</b>	<b>-</b>	<b>-</b>	<b>111</b>	<b>111</b>
<b>Equity, 31 March 2012</b>	<b>6,045</b>	<b>70</b>	<b>8,198</b>	<b>14,313</b>

## Statement of changes in equity

DKK million

The Nykredit Bank Group

	Share capital	Retained earnings	Total
<b>EQUITY, 31 MARCH 2013</b>			
End of previous financial year	6,045	8,225	14,270
<b>Total</b>	<b>6,045</b>	<b>8,225</b>	<b>14,270</b>
<b>Comprehensive income</b>			
Profit for the period		74	74
<b>Total comprehensive income</b>	<b>-</b>	<b>74</b>	<b>74</b>
<b>Total changes in equity</b>	<b>-</b>	<b>74</b>	<b>74</b>
<b>Equity, 31 March 2013</b>	<b>6,045</b>	<b>8,299</b>	<b>14,344</b>
<b>EQUITY, 31 March 2012</b>			
End of previous financial year	6,045	8,157	14,202
<b>Total</b>	<b>6,045</b>	<b>8,157</b>	<b>14,202</b>
<b>Comprehensive income</b>			
Profit for the period	-	111	111
<b>Total comprehensive income</b>	<b>-</b>	<b>111</b>	<b>111</b>
<b>Total changes in equity</b>	<b>-</b>	<b>111</b>	<b>111</b>
<b>Equity, 31 March 2012</b>	<b>6,045</b>	<b>8,268</b>	<b>14,313</b>

The share capital breaks down into 18 shares in multiples of DKK 1m. The share capital is wholly owned by Nykredit Realkredit A/S, Copenhagen, Denmark.

Nykredit Bank is included in the consolidated financial statements of this company and the consolidated financial statements of Foreningen Nykredit, Kalvebod Brygge 1-3, Copenhagen, Denmark, which owns 89.80% of Nykredit Realkredit A/S. The published financial statements [in Danish] of Foreningen Nykredit may be obtained from the company.

## Cash flow statement 1 January – 31 March

DKK million

	The Nykredit Bank Group	
	Q1/2013	Q1/2012
<b>Profit after tax for the period</b>	<b>74</b>	<b>111</b>
<b>Adjustment for non-cash operating items, depreciation, amortisation, impairment losses and provisions</b>		
Depreciation and impairment losses for property, plant and equipment	2	2
Other non-cash changes	(22)	-
Impairment losses on loans, advances and receivables	226	100
Tax calculated on profit for the period	26	41
<b>Total</b>	<b>232</b>	<b>143</b>
<b>Profit for the period adjusted for non-cash operating items</b>	<b>306</b>	<b>254</b>
<b>Change in working capital</b>		
Loans, advances and other receivables	(8,195)	(11,166)
Deposits and other payables	10,268	(3,566)
Payables to credit institutions and central banks	861	8,301
Bonds at fair value	(5,532)	(11,039)
Equities	(51)	23
Other working capital	(11,931)	5,155
<b>Total</b>	<b>(14,580)</b>	<b>(12,292)</b>
Corporation tax paid, net	-	0
<b>Cash flows from operating activities</b>	<b>(14,274)</b>	<b>(12,038)</b>
<b>Cash flows from investing activities</b>		
Property, plant and equipment	-	(2)
<b>Total</b>	<b>0</b>	<b>(2)</b>
<b>Cash flows from financing activities</b>		
Issued bonds	(1,157)	5,471
<b>Total</b>	<b>(1,157)</b>	<b>5,471</b>
<b>Total cash flows</b>	<b>(15,431)</b>	<b>(6,569)</b>
Cash and cash equivalents, beginning of period	44,812	50,244
Foreign currency translation adjustment of cash	(94)	(667)
<b>Cash and cash equivalents, end of period</b>	<b>29,287</b>	<b>43,008</b>
<b>Cash and cash equivalents, end of period</b>		
Specification of cash and cash equivalents, end of period:		
Cash balance and demand deposits with central banks	4,988	659
Receivables from credit institutions and central banks	24,299	42,349
<b>Cash and cash equivalents, end of period</b>	<b>29,287</b>	<b>43,008</b>

# Notes

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## 1. ACCOUNTING POLICIES

### GENERAL

The Consolidated Financial Statements for Q1/2013 have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and further Danish financial reporting and disclosure requirements for interim reports. Compliance with IAS 34 implies observance of the principles of recognition and measurement of the IFRS but a less detailed presentation relative to the presentation of annual reports.

The interim financial statements of the Parent Company have been prepared in accordance with the Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc. issued by the Danish Financial Supervisory Authority.

Reporting standards and interpretations in force as at 1 January 2013 have been implemented with no effect on profit, comprehensive income, balance sheets or equity for the period. The implementation of IFRS 13 "Fair value measurement" has resulted in additional disclosure requirements for the interim report, cf note 30.

Compared with the information disclosed in the accounting policies of the Annual Report for 2012 (note 1), no new reporting standards or interpretations have been issued or approved which influence the Q1 Interim Report 2013 of Nykredit Bank A/S and the Nykredit Bank Group.

The IASB is still working on a project which, in time, will replace the IAS 39 rules. The revised standard – IFRS 9 – is divided into three main phases comprising classification and measurement of financial assets and liabilities, impairments and hedge accounting.

The EU has opted not to adopt IFRS 9 until the results of all three phases are available. The new standard is expected to be implemented in January 2015. The impact of the implementation of IFRS 9 on the Consolidated Financial Statements has not been analysed, as the standard is not currently available in a form that allows an overall assessment of the effect.

In all other respects, the accounting policies are unchanged compared with the Annual Report for 2012. For a full description of the Group's and the Parent Company's accounting policies, please refer to note 1 of the Annual Report for 2012, which is available at [nykredit.com](http://nykredit.com).

All figures in the Q1 Interim Report are presented in DKK million. The totals stated are calculated on the basis of actual figures. Due to the rounding-off, the sum of individual figures and the stated totals may differ slightly.

## Notes

DKK million

	31.03.2013	31.12.2012	31.03.2012
<b>2. CAPITAL ADEQUACY AND TIER 1 CAPITAL</b>			
<b>Nykredit Bank A/S</b>			
Share capital	6,045	6,045	6,045
Reserves	151	151	70
Retained earnings	8,148	8,074	8,198
<b>Total core Tier 1 capital</b>	<b>14,344</b>	<b>14,270</b>	<b>14,313</b>
Hybrid capital	250	250	250
Primary and other statutory deductions from Tier 1 capital	99	112	269
<b>Tier 1 capital after statutory deductions</b>	<b>14,495</b>	<b>14,408</b>	<b>14,294</b>
<b>Capital base after statutory deductions</b>	<b>14,495</b>	<b>14,408</b>	<b>14,294</b>
Weighted items involving credit, counterparty and delivery risk	50,245	48,885	48,861
Weighted items involving market risk	14,953	12,804	13,584
Weighted items involving operational risk	5,483	5,927	5,927
<b>Total weighted items</b>	<b>70,681</b>	<b>67,616</b>	<b>68,372</b>
Total capital ratio, %	20.5	21.3	20.9
Tier 1 capital ratio, %	20.5	21.3	20.9
<b>The Nykredit Bank Group</b>			
Share capital	6,045	6,045	6,045
Retained earnings	8,299	8,225	8,268
<b>Total core Tier 1 capital</b>	<b>14,344</b>	<b>14,270</b>	<b>14,313</b>
Hybrid capital	250	250	250
Primary and other statutory deductions from Tier 1 capital	57	57	206
<b>Tier 1 capital after statutory deductions</b>	<b>14,537</b>	<b>14,463</b>	<b>14,357</b>
<b>Capital base after statutory deductions</b>	<b>14,537</b>	<b>14,463</b>	<b>14,357</b>
Weighted items involving credit, counterparty and delivery risk	49,834	48,926	47,966
Weighted items involving market risk	14,953	12,804	13,584
Weighted items involving operational risk	5,937	6,289	6,290
<b>Total weighted items</b>	<b>70,724</b>	<b>68,019</b>	<b>67,840</b>
Total capital ratio, %	20.6	21.3	21.2
Tier 1 capital ratio, %	20.6	21.3	21.2

## Notes

DKK million

The Nykredit Bank Group

Q1/2013

Q1/2012

3. CORE EARNINGS AND INVESTMENT PORTFOLIO INCOME						
1 January – 31 March	Core earnings	Investment portfolio income	Total	Core earnings	Investment portfolio income	Total
Net interest income	554	24	578	568	35	603
Dividend on equities	1	-	1	0	-	0
Fee and commission income, net	201	(21)	180	177	(21)	156
<b>Net interest and fee income</b>	<b>756</b>	<b>3</b>	<b>759</b>	<b>745</b>	<b>14</b>	<b>759</b>
Value adjustments	62	(16)	46	(58)	6	(52)
Other operating income	7	-	7	7	-	7
Staff and administrative expenses	469	-	469	457	-	457
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	2	-	2	2	-	2
Other operating expenses	25	-	25	10	-	10
Impairment losses on loans and advances	217	-	217	93	-	93
<b>Profit (loss) before tax</b>	<b>112</b>	<b>(13)</b>	<b>99</b>	<b>132</b>	<b>20</b>	<b>152</b>

## Notes

DKK million

The Nykredit Bank Group

## 4. BUSINESS AREAS

Q1/2013	Retail	Wholesale	Group Items	Total
<b>Core income from</b>				
- customer activity, gross	309	530	(39)	800
- payment for distribution	179	(179)	0	-
<b>Total business operations</b>	<b>488</b>	<b>351</b>	<b>(39)</b>	<b>800</b>
- value adjustment of derivatives and corporate bonds	14	1	-	15
- core income from securities	-	-	10	10
<b>Total*</b>	<b>502</b>	<b>352</b>	<b>(29)</b>	<b>825</b>
Operating costs	222	179	71	472
Payment to the Guarantee Fund for Depositors and Investors	12	3	9	24
<b>Core earnings before impairment losses</b>	<b>268</b>	<b>170</b>	<b>(109)</b>	<b>329</b>
Impairment losses on loans and advances	101	64	52	217
<b>Core earnings after impairment losses</b>	<b>167</b>	<b>106</b>	<b>(161)</b>	<b>112</b>
Investment portfolio income <sup>1</sup>			(13)	(13)
<b>Profit (loss) before tax for the period</b>	<b>167</b>	<b>106</b>	<b>(174)</b>	<b>99</b>
* Of which transactions between business areas	138	(244)	106	0
Costs excl impairment losses as % of core income from business operations	47.9	51.8	-	62.0
Average allocated business capital <sup>2</sup>	3,155	2,575	3,137	8,867
Core earnings after impairment losses as % of allocated capital (pa)	7.1	5.5	-	1.7
<b>Q1/2012</b>	<b>Retail</b>	<b>Wholesale</b>	<b>Group Items</b>	<b>Total</b>
<b>Core income from</b>				
- customer activity, gross	299	599	(59)	839
- payment for distribution	198	(198)	0	-
<b>Total business operations</b>	<b>497</b>	<b>401</b>	<b>(59)</b>	<b>839</b>
- value adjustment of derivatives and corporate bonds	(211)	41	-	(170)
- core income from securities	-	-	25	25
<b>Total*</b>	<b>286</b>	<b>442</b>	<b>(34)</b>	<b>694</b>
Operating costs	214	185	62	461
Payment to the Guarantee Fund for Depositors and Investors	-	-	8	8
<b>Core earnings before impairment losses</b>	<b>72</b>	<b>257</b>	<b>(104)</b>	<b>225</b>
Impairment losses on loans and advances	92	1	0	93
<b>Core earnings after impairment losses</b>	<b>(20)</b>	<b>256</b>	<b>(104)</b>	<b>132</b>
Investment portfolio income <sup>1</sup>	-	-	20	20
<b>Profit (loss) before tax for the period</b>	<b>(20)</b>	<b>256</b>	<b>(84)</b>	<b>152</b>
* Of which transactions between business areas	167	(229)	62	0
Costs excl impairment losses as % of core income from business operations	43.1	46.1	-	55.9
Average allocated business capital <sup>2</sup>	3,323	3,641	2,421	9,385
Core earnings after impairment losses as % of allocated capital (pa)	(2.4)	28.1	-	5.6

<sup>1</sup> Investment portfolio income equals the return on the Bank's own portfolio exceeding risk-free interest. As from 2012, investment portfolio income also includes expenses in connection with Nykredit's intercompany guarantee.

<sup>2</sup> The business capital has been determined according to the Basel II principles.

## Notes

DKK million

Nykredit Bank A/S		The Nykredit Bank Group	
Q1/2012	Q1/2013	Q1/2013	Q1/2012
<b>5. INTEREST INCOME</b>			
58	2	2	58
753	620	640	770
291	217	218	292
(40)	(5)	(5)	(40)
Of which			
(16)	(14)	(14)	(16)
(18)	22	22	(18)
(5)	(11)	(11)	(5)
(1)	(2)	(2)	(1)
1	0	0	1
<b>1,063</b>	<b>834</b>	<b>855</b>	<b>1,081</b>
<b>Of which interest income from genuine purchase and resale transactions entered as</b>			
45	0	0	45
80	40	40	80
<b>6. INTEREST EXPENSES</b>			
139	36	36	139
192	117	117	188
152	121	121	152
(1)	3	3	(1)
<b>482</b>	<b>277</b>	<b>277</b>	<b>478</b>
<b>Of which interest expenses for genuine sale and repurchase transactions entered as</b>			
81	(5)	(5)	81
18	18	18	18
<b>7. VALUE ADJUSTMENTS</b>			
(2)	0	0	(2)
170	122	121	170
21	21	21	21
12	54	54	12
(253)	(150)	(150)	(253)
<b>(52)</b>	<b>47</b>	<b>46</b>	<b>(52)</b>
Value adjustments mainly relate to financial assets, financial liabilities and derivative financial instruments included in the Bank's/Group's trading activities.			
No value adjustments have been made for own credit risk on issued bonds or other financial liabilities.			



## Notes

DKK million

Nykredit Bank A/S		The Nykredit Bank Group	
Q1/2012	Q1/2013	Q1/2013	Q1/2012
<b>8. STAFF AND ADMINISTRATIVE EXPENSES</b>			
2	2	2	2
176	176	199	196
245	243	268	259
<b>423</b>	<b>421</b>	<b>469</b>	<b>457</b>
<b>Remuneration of Board of Directors and Executive Board</b>			
<b>Board of Directors</b>			
0	0	0	0
Each staff-elected board representative receives annual remuneration of DKK 60,000. No additional remuneration is paid to the Board of Directors.			
<b>Executive Board</b>			
2	2	2	2
<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
The terms and conditions governing the remuneration and pensions of the Executive Board have not changed since the Annual Report 2012, to which reference is made.			
<b>Staff expenses</b>			
146	137	156	163
13	14	16	15
17	25	27	18
<b>176</b>	<b>176</b>	<b>199</b>	<b>196</b>
726	719	856	848
<b>9. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES</b>			
<b>Specification of impairment provisions</b>			
3,897	3,877	3,922	3,943
-	19	19	-
371	145	145	372
<b>4,268</b>	<b>4,041</b>	<b>4,086</b>	<b>4,315</b>
<b>Individual impairment provisions for loans, advances and receivables</b>			
3,942	3,775	3,821	3,986
326	332	341	334
271	118	125	276
100	112	115	101
<b>3,897</b>	<b>3,877</b>	<b>3,922</b>	<b>3,943</b>
<b>Individual impairment provisions for receivables from credit institutions</b>			
-	-	-	-
-	19	19	-
<b>-</b>	<b>19</b>	<b>19</b>	<b>-</b>
<b>Collective impairment provisions</b>			
307	235	236	308
64	(90)	(91)	64
<b>371</b>	<b>145</b>	<b>145</b>	<b>372</b>

## Notes

DKK million

Nykredit Bank A/S		The Nykredit Bank Group	
Q1/2012	Q1/2013	Q1/2013	Q1/2012
<b>9. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES (continued)</b>			
<b>Earnings impact</b>			
119	142	145	122
21	18	21	23
7	9	9	7
<b>133</b>	<b>151</b>	<b>157</b>	<b>138</b>
(45)	60	60	(45)
<b>88</b>	<b>211</b>	<b>217</b>	<b>93</b>
24	301	308	29
64	(90)	(91)	64
-	19	19	-
<b>Receivables from credit institutions with objective indication of impairment</b>			
-	25	25	-
-	19	19	-
<b>-</b>	<b>6</b>	<b>6</b>	<b>-</b>
<b>Loans and advances subject to objective evidence of impairment</b>			
6,098	6,063	6,181	6,201
3,897	3,877	3,922	3,943
<b>2,201</b>	<b>2,186</b>	<b>2,259</b>	<b>2,258</b>
53,930	48,082	48,157	54,164
371	145	145	372
<b>53,559</b>	<b>47,937</b>	<b>48,012</b>	<b>53,792</b>
<b>10. PROFIT FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES</b>			
20	21	-	-
<b>20</b>	<b>21</b>	<b>-</b>	<b>-</b>
<b>11. TAX</b>			
34	19	25	41
<b>34</b>	<b>19</b>	<b>25</b>	<b>41</b>
<b>23.4</b>	<b>20.4</b>	<b>25.8</b>	<b>27.0</b>
Tax is calculated on the basis of a tax rate of 25%. Tax for the period was not affected by any special circumstances, and tax for the full year is expected to come to approximately 25% of profit before tax.			

## Notes

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
31.12.2012	31.03.2013		31.03.2013	31.12.2012
<b>12. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS</b>				
1,747	103	Receivables at call from central banks	103	1,747
36,033	24,195	Receivables from credit institutions	24,196	36,033
<b>37,780</b>	<b>24,298</b>	<b>Total</b>	<b>24,299</b>	<b>37,780</b>
17,559	12,121	Of which genuine purchase and resale transactions	12,121	17,559
<b>13. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE</b>				
35,401	43,097	Genuine purchase and resale transactions	43,097	35,401
<b>35,401</b>	<b>43,097</b>	<b>Total</b>	<b>43,097</b>	<b>35,401</b>
<b>14. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST</b>				
49,659	50,123	Loans and advances at amortised cost	50,271	49,807
<b>49,659</b>	<b>50,123</b>	<b>Total</b>	<b>50,271</b>	<b>49,807</b>
<b>15. BONDS AT FAIR VALUE</b>				
50,833	53,883	ROs (realkreditobligationer)	54,079	51,029
4,457	5,919	Government bonds	5,919	4,457
3,780	4,820	Other bonds	4,820	3,780
<b>59,070</b>	<b>64,622</b>	<b>Total</b>	<b>64,818</b>	<b>59,266</b>
1,243	995	Self-issued bonds offset against issued bonds	995	1,243
<b>57,827</b>	<b>63,627</b>	<b>Total</b>	<b>63,823</b>	<b>58,023</b>
The impact of fair value adjustment has been recognised in the income statement.				
3,328	3,419	Of which drawn bonds	3,419	3,449
32,361	34,335	Assets sold as part of genuine sale and repurchase transactions	34,335	32,361
14,298	13,997	As collateral for the Danish central bank, Danmarks Nationalbank, and foreign clearing centres, etc, bonds have been deposited of a total market value of	13,997	14,298
The collateral was provided on an arm's length basis.				
<b>16. EQUITIES</b>				
181	189	Listed on NASDAQ OMX Copenhagen A/S	190	182
7	17	Listed on other stock exchanges	17	7
187	220	Unlisted equities carried at fair value	220	187
<b>375</b>	<b>426</b>	<b>Total</b>	<b>427</b>	<b>376</b>

## Notes

DKK million

Nykredit Bank A/S				The Nykredit Bank Group	
31.12.2012	31.03.2013			31.03.2013	31.12.2012
<b>17. ASSETS IN TEMPORARY POSSESSION</b>					
55	49	Assets, beginning of year		904	55
54	6	Additions		6	909
60	17	Disposals		17	60
<b>49</b>	<b>38</b>	<b>Total</b>		<b>893</b>	<b>904</b>
At 31 December 2012 and 31 March 2013, this item comprised repossessed properties and shareholding in a property company.					
Nykredit Bank accepts mortgages on property as security for loans, and in a number of instances the Bank repossesses the properties in the event of borrowers' non-performance of loan agreements etc.					
Value adjustment of assets in temporary possession is based on the expected sales values in case of disposal within a period of 12 months.					
<b>18. OTHER ASSETS</b>					
6,340	5,937	Interest and commission receivable		5,970	6,374
43,896	39,822	Positive market value of derivative financial instruments		39,822	43,896
635	5,357	Other assets		5,362	648
<b>50,871</b>	<b>51,116</b>	<b>Total</b>		<b>51,154</b>	<b>50,918</b>
<b>19. PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS</b>					
246	102	Payables to central banks		102	246
55,109	56,162	Payables to credit institutions		56,162	55,109
<b>55,355</b>	<b>56,264</b>	<b>Total</b>		<b>56,264</b>	<b>55,355</b>
13,273	14,557	Of which genuine sale and repurchase transactions		14,557	13,273
<b>20. DEPOSITS AND OTHER PAYABLES</b>					
34,418	38,568	On demand		38,536	34,403
6,614	6,397	At notice		6,397	6,614
10,818	17,386	Time deposits		17,336	10,778
2,906	2,914	Special deposits		2,914	2,906
<b>54,756</b>	<b>65,265</b>	<b>Total</b>		<b>65,183</b>	<b>54,701</b>
<b>Deposit surplus</b>					
54,756	65,265	Deposits and other payables at amortised cost		65,183	54,701
49,659	50,123	Loans, advances and other receivables at amortised cost		50,271	49,807
<b>5,097</b>	<b>15,142</b>	<b>Total</b>		<b>14,912</b>	<b>4,894</b>
17,718	17,200	Deposits attributable to genuine sale and repurchase transactions in "Other non-derivative financial liabilities at fair value"		17,200	17,718

## Notes

DKK million

Nykredit Bank A/S		The Nykredit Bank Group		
31.12.2012	31.03.2013		31.03.2013	31.12.2012
<b>21. ISSUED BONDS AT AMORTISED COST</b>				
<b>Issues</b>				
20,852	16,224	EMTN issues*	16,224	20,852
8,817	12,101	ECP issues*	12,101	8,817
29	21	Employee bonds	21	29
43	11	Other issues*	11	43
<b>29,741</b>	<b>28,357</b>	<b>Total</b>	<b>28,357</b>	<b>29,741</b>
1,243	995	Own portfolio	995	1,243
<b>28,498</b>	<b>27,362</b>	<b>Total</b>	<b>27,362</b>	<b>28,498</b>
No value adjustments have been made that can be attributed to changes in own credit risk.				
* Listed on NASDAQ OMX Copenhagen A/S or on the Luxembourg Stock Exchange				
<b>22. OTHER NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE</b>				
17,718	17,200	Deposits at fair value	17,200	17,718
16,023	9,502	Negative securities portfolios	9,502	16,023
<b>33,741</b>	<b>26,702</b>	<b>Total</b>	<b>26,702</b>	<b>33,741</b>
17,718	17,200	Deposits at fair value: Of which genuine sale and repurchase transactions	17,200	17,718
<b>23. OTHER LIABILITIES</b>				
7,731	6,919	Interest and commission payable	6,919	7,731
44,329	40,270	Negative market value of derivative financial instruments	40,270	44,329
589	910	Other payables	1,058	745
<b>52,649</b>	<b>48,099</b>	<b>Total</b>	<b>48,247</b>	<b>52,805</b>
<b>24. PROVISIONS</b>				
<b>Provisions for losses under guarantees</b>				
114	82	Balance, beginning of year	82	114
36	63	Additions	63	36
68	3	Reversal of unutilised amounts	3	68
-	0	Disposals	0	-
<b>82</b>	<b>142</b>	<b>Balance, end of period</b>	<b>142</b>	<b>82</b>
<b>Other provisions</b>				
119	124	Balance, beginning of year	124	119
6	8	Additions	8	6
1	0	Disposals	0	1
<b>124</b>	<b>132</b>	<b>Balance, end of period</b>	<b>132</b>	<b>124</b>
<b>Total provisions for losses under guarantees and other provisions</b>				
233	206	Balance, beginning of year	206	233
42	71	Additions	71	42
69	3	Reversal of unutilised amounts	3	69
-	0	Disposals	0	-
<b>206</b>	<b>274</b>	<b>Balance, end of period</b>	<b>274</b>	<b>206</b>
As a result of its operations, the Bank continuously enters into contracts where it is probable that the settlement of the liability will lead to an outflow of the Bank's financial resources, and where a reliable estimate may be made of the size of the liability.				
The balance sheet items in the financial statements represent the Bank's best estimates of the expected costs relating to provisions.				
The provisions typically concern contractual obligations relating to loans and advances and other banking activities.				
It is estimated that the majority of provisions will be settled within 1-2 years.				

## Notes

DKK million

Nykredit Bank A/S		The Nykredit Bank Group	
31.12.2012	31.03.2013	31.03.2013	31.12.2012
		<b>25. SUBORDINATED DEBT</b>	
		Subordinated debt consists of financial liabilities in the form of hybrid capital which, in case of voluntary or compulsory liquidation, will not be repaid until the claims of ordinary creditors have been met.	
		<b>Hybrid capital</b>	
100	100	Nominal DKK 100m. The loan is perpetual and carries a floating interest rate of 1.7% pa above 3M Cibur	100 100
150	150	Nom DKK 150m. The loan is perpetual and carries a fixed interest rate of 6.3% pa	150 150
<b>250</b>	<b>250</b>	<b>Total</b>	<b>250 250</b>
<b>250</b>	<b>250</b>	<b>Total subordinated debt</b>	<b>250 250</b>
250	250	Included in the determination of the capital base after statutory deductions	250 250
-	-	Hybrid capital	- -
		Costs related to raising and redeeming subordinated debt	
		No value adjustments have been made that can be attributed to changes in own credit risk.	
		<b>26. CONTINGENT LIABILITIES</b>	
9,102	6,675	Financial guarantees	6,675 9,100
593	690	Registration and refinancing guarantees	690 593
2,476	2,719	Other contingent liabilities	2,719 2,476
<b>12,171</b>	<b>10,084</b>	<b>Total</b>	<b>10,084 12,169</b>
		<b>OTHER CONTINGENT LIABILITIES</b>	
		<i>Legal proceedings</i>	
		The Bank's operations involve the Bank in legal proceedings and litigation, including tax disputes. The cases are subject to ongoing review, and necessary provisions are made based on an assessment of the risk of loss. Pending cases are not expected to have a significant effect on the Nykredit Bank Group's financial position.	
		<i>Tax</i>	
		The Danish tax authorities (SKAT) have proposed that the taxable income declared for 2008 and 2009 be changed.	
		The proposal is based on a review of exposures granted by Forstædernes Bank and subsequently assumed by the Nykredit Realkredit Group in connection with its acquisition of Forstædernes Bank. In 2010 Forstædernes Bank was merged with Nykredit Bank. As a result of the financial crisis and property market trends, Forstædernes Bank recorded considerable impairment losses on these exposures in 2008 and 2009 for accounting as well as tax purposes.	
		SKAT's review for the tax assessment years 2008 and 2009 has not been completed yet. However, in SKAT's opinion the loans were not granted on standard business terms and failed to comply with business procedures and instructions. For this reason, SKAT finds that there was no basis for deducting the impairment losses from the taxable income.	
		The tax effect for the tax assessment year 2008 could amount to up to DKK 300m, but as the review has not been completed yet, the amount is provisional. In May 2013, SKAT announced a change to the tax assessment year 2009 which may result in a tax effect of around DKK 350m.	
		Nykredit Bank's management disagrees with the reasoning presented by SKAT and is of the opinion that the loans were granted on standard business terms in accordance with Forstædernes Bank's policies and business procedures. The loans were moreover granted up to five years prior to the financial crisis, at which time the adverse effects of the property market development were unforeseeable.	
		Should SKAT uphold that a tax deduction cannot be obtained, the Bank will appeal against SKAT's decision. In the Bank's opinion, the probability that the courts will find for SKAT in case of legal action is negligible. A judgement delivered by the Danish Supreme Court (no SKM2012.353 of 1 June 2012) in 2012 sustains the Bank's view. On this basis, the tax charge has not been adjusted.	

## Notes

DKK million

Nykredit Bank A/S		The Nykredit Bank Group	
31.12.2012	31.03.2013	31.03.2013	31.12.2012
<b>26. CONTINGENT LIABILITIES (continued)</b>			
<i>Distressed banks</i>			
The Bank's share of the sector's expenses relating to Sparekassen Lolland is estimated at around DKK 3m.			
<i>Guarantee Fund for Depositors and Investors</i>			
Nykredit Bank participates in the mandatory Guarantee Fund for Depositors and Investors. Participating banks must pay a fixed annual amount of 2.5‰ of the covered net deposits. Payment to the Fund's bank department is mandatory until the assets of the scheme exceed 1% of the covered net deposits. The bank department bears any direct losses on the winding-up of Danish banks to the extent the loss is attributable to the covered net deposits.			
Any losses arising in connection with the final winding-up are covered by the Guarantee Fond through its winding-up and restructuring department. Nykredit Bank's share of the expense will amount to about 3%.			
<b>27. OTHER COMMITMENTS</b>			
7,328	8,124	8,124	7,328
173	172	467	530
<b>7,501</b>	<b>8,296</b>	<b>8,591</b>	<b>7,858</b>
<b>28. RELATED PARTY TRANSACTIONS AND BALANCES</b>			
The Parent Company Nykredit Realkredit, its parent company as well as group enterprises and associates are regarded as related parties. In addition, Nykredit Bank's group enterprises and associates are included as stated in the group structure as well as the Bank's Board of Directors, its Executive Board and related parties thereof.			
No unusual related party transactions occurred in 2012 or Q1/2013.			
The companies have entered into various agreements as a natural part of the Group's day-to-day operations. The agreements typically involve financing, provision of guarantees, insurance, sales commission, tasks relating to IT support and IT development projects, payroll and staff administration as well as other administrative tasks.			
Intercompany trading in goods and services took place on an arm's length or cost reimbursement basis.			
Important related party transactions prevailing/entered into in 2012 or 2013 include:			
<b>Agreements between Nykredit Realkredit A/S and Nykredit Bank A/S</b>			
Master agreement on the terms for financial transactions relating to loans and deposits in the securities and money market areas.			
<b>Agreements between Nykredit Realkredit A/S and Nykredit Holding A/S</b>			
Nykredit Holding A/S has issued guarantees or letters of comfort to third parties in specific cases.			
Furthermore, Nykredit Holding A/S has issued a loss guarantee for the part of the Bank's impairment losses and provisions (earnings impact for the year) that exceeds 2% of loans, advances and guarantees subject to a maximum of DKK 2bn for the term of the guarantee. The guarantee is valid until terminated by the Bank's Management.			

## Notes

DKK million

The Nykredit Bank Group

## 29. LOANS, ADVANCES AND GUARANTEES

## Loans, advances, guarantees and provisions by sector and industry

31 March 2013

	Carrying amount			Proportion, %	Provisions		Total
	Loans and advances	Guarantees	Total loans, advances and guarantees		Individual and other provisions	Collective impairment provisions	
<b>Public sector</b>	<b>259</b>	<b>214</b>	<b>473</b>	<b>0.5</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Commercial</b>							
Agriculture, hunting, forestry and fishing	1,636	188	1,824	1.8	162	5	167
Manufacturing, mining and quarrying	6,136	276	6,412	6.2	143	1	144
Energy supply	1,195	43	1,238	1.2	8	0	8
Construction	1,359	441	1,800	1.7	281	3	284
Trade	2,025	192	2,217	2.1	231	3	234
Transport, accommodation and food service activities	2,348	605	2,953	2.9	124	1	125
Information and communication	824	66	890	0.9	73	2	75
Financial and insurance activities	47,009	894	47,903	46.3	716	12	728
Property	10,305	1,921	12,226	11.8	1,404	37	1,441
Other commercial	6,454	587	7,041	6.8	399	25	424
<b>Total commercial</b>	<b>79,291</b>	<b>5,213</b>	<b>84,504</b>	<b>81.7</b>	<b>3,541</b>	<b>89</b>	<b>3,630</b>
<b>Personal</b>	<b>13,818</b>	<b>4,657</b>	<b>18,475</b>	<b>17.9</b>	<b>523</b>	<b>56</b>	<b>579</b>
<b>Total</b>	<b>93,368</b>	<b>10,084</b>	<b>103,452</b>	<b>100.0</b>	<b>4,064</b>	<b>145</b>	<b>4,209</b>
Of which reverse lending (loans and advances at fair value)	43,097	-	43,097	41.7	-	-	-

31 December 2012

	Carrying amount			Proportion, %	Provisions		Total
	Loans and advances	Guarantees	Total loans, advances and guarantees		Individual and other provisions	Collective impairment provisions	
<b>Public sector</b>	<b>308</b>	<b>205</b>	<b>513</b>	<b>0.5</b>	<b>4</b>	<b>0</b>	<b>4</b>
<b>Commercial</b>							
Agriculture, hunting, forestry and fishing	1,638	319	1,957	2.0	162	5	167
Manufacturing, mining and quarrying	5,565	812	6,377	6.5	146	9	155
Energy supply	471	52	523	0.5	9	0	9
Construction	1,339	477	1,816	1.9	273	6	279
Trade	2,024	193	2,217	2.3	232	5	237
Transport, accommodation and food service activities	2,034	101	2,135	2.2	97	4	101
Information and communication	795	84	879	0.9	71	2	73
Financial and insurance activities	38,846	857	39,703	40.8	705	37	742
Property	10,802	2,334	13,136	13.5	1,292	75	1,367
Other commercial	7,203	906	8,109	8.3	380	17	397
<b>Total commercial</b>	<b>70,717</b>	<b>6,135</b>	<b>76,852</b>	<b>78.9</b>	<b>3,367</b>	<b>160</b>	<b>3,527</b>
<b>Personal</b>	<b>14,183</b>	<b>5,829</b>	<b>20,012</b>	<b>20.6</b>	<b>532</b>	<b>76</b>	<b>608</b>
<b>Total</b>	<b>85,208</b>	<b>12,169</b>	<b>97,377</b>	<b>100.0</b>	<b>3,903</b>	<b>236</b>	<b>4,139</b>
Of which reverse lending (loans and advances at fair value)	35,401	-	35,401	36.4	-	-	-

## Provisioning rate, %

Group	Q1/ 2013	Q4/ 2012	Q3/ 2012	Q2/ 2012	Q1/ 2012
Total loans and advances	93,368	85,208	88,564	87,424	88,880
Total guarantees	10,084	12,169	11,552	12,366	11,040
Provisions for loan impairment at amortised cost	4,067	4,057	4,328	4,304	4,315
Provisions for guarantees	142	82	88	82	69
<b>Total loans, advances, guarantees and loan impairment</b>	<b>107,661</b>	<b>101,516</b>	<b>104,532</b>	<b>104,176</b>	<b>104,304</b>
Provisioning rate, %	3.9	4.1	4.2	4.2	4.2
Provisioning rate excluding guarantees, %	4.2	4.5	4.7	4.7	4.6



## Notes

DKK million

The Nykredit Bank Group

## 30. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE (THE IFRS HIERARCHY)

Q1/2013	Listed prices	Fair value		Total (carrying amounts)
		Observable inputs	Unobservable inputs	
Financial instruments in the form of assets:				
Trading book:				
Balances with credit institutions (reverse lending, measured at fair value)		12,121		12,121
Loans and advances at fair value		43,097		43,097
Bonds at fair value	58,829	4,994		63,823
Equities	266		161	427
Positive market value of derivative financial instruments	676	38,382	764	39,822
<b>Total, 31 March 2013</b>	<b>59,771</b>	<b>98,594</b>	<b>925</b>	<b>159,290</b>
Financial instruments in the form of liabilities:				
Trading book:				
Payables to credit institutions and central banks (repo transactions, measured at fair value)		14,557		14,557
Other non-derivative financial liabilities at fair value	9,502	17,200		26,702
Negative market value of derivative financial instruments	637	39,425	208	40,270
<b>Total, 31 March 2013</b>	<b>10,139</b>	<b>71,182</b>	<b>208</b>	<b>81,529</b>
<b>Financial instruments measured on the basis of unobservable inputs</b>				
Fair value assets, beginning of period			813	
Transferred to/from Observable inputs (positive market value of derivative financial instruments)			(25)	
Capital gains/losses on portfolio securities recognised in the income statement (unrealised)			90	
Additions for the period			47	
<b>Total, 31 March 2013</b>			<b>925</b>	
Fair value liabilities, beginning of period				
Capital gains/losses on portfolio securities recognised in the income statement (unrealised)			166	
<b>Total, 31 March 2013</b>			<b>208</b>	
<b>End-2012</b>				
Financial instruments in the form of assets:				
Trading book:				
Balances with credit institutions (reverse lending, measured at fair value)		17,559		17,559
Loans and advances at fair value		35,401		35,401
Bonds at fair value	51,785	6,238		58,023
Equities	214		162	376
Positive market value of derivative financial instruments	744	42,501	651	43,896
<b>Total, 31 December 2012</b>	<b>52,743</b>	<b>101,699</b>	<b>813</b>	<b>155,255</b>
Financial instruments in the form of liabilities:				
Trading book:				
Payables to credit institutions and central banks (repo transactions, measured at fair value)		13,273		13,273
Other non-derivative financial liabilities at fair value	16,023	17,718		33,741
Negative market value of derivative financial instruments	758	43,405	166	44,329
<b>Total, 31 December 2012</b>	<b>16,781</b>	<b>74,396</b>	<b>166</b>	<b>91,343</b>

Value adjustments related to assets or liabilities at fair value have been recognised in "Value adjustments" in the income statement.

In Q1/2013 no significant reclassifications were made between the categories Listed prices and Observable inputs.

In accordance with the commencement provisions for IFRS 13, no comparative figures have been stated for Q1/2012.

# Notes

DKK million

The Nykredit Bank Group

## 30. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE (THE IFRS HIERARCHY) (continued)

### Listed prices

The Bank's assets and liabilities at fair value are to the widest extent possible recognised at listed prices or prices quoted in an active market or authorised market place.

### Observable inputs

When an instrument is not traded in an active market, measurement is based on observable inputs and generally accepted calculation methods, valuation and estimation techniques such as discounted cash flows and option models.

Observable inputs are typically yield curves, volatility and market prices of similar instruments which are usually obtained through ordinary providers such as Reuters, Bloomberg or market makers. If fair value is based on transactions in similar instruments, measurement is based only on transactions entered into on an arm's length basis. Reverse lending and repo deposits as well as unlisted derivatives are generally attributable to this category.

In some cases, markets may gradually become inactive and illiquid, such as the bond market in 2008 and 2009. When assessing market transactions, it may therefore be difficult to conclude whether the transactions were executed at arm's length or were forced sales. If measurement is based on recent transactions, the transaction price is compared with a price based on relevant yield curves and discount techniques.

### Unobservable inputs

When it is not possible to measure financial instruments at fair value through active market prices or observable inputs, measurement is made on the basis of internal assumptions and extrapolation. Where possible and appropriate, measurement is based on actual transactions adjusted for differences in eg the liquidity, credit spreads and maturities of the instruments. To some extent the Bank's unlisted equities belong in this category.

Positive market values of a number of interest rate swaps with customers in the Bank's lowest rating categories have been adjusted for increased credit risk using a so-called Credit Value Adjustment model. Among the data used by the model are the statistical data applied by the Bank to calculate collective impairment provisions for loans and advances at amortised cost.

Measurement, notably of instruments classified as Unobservable inputs, is subject to some uncertainty. Of total assets and liabilities, DKK 0.9bn (end-2012: DKK 0.8bn) and DKK 0.2bn (end-2012: DKK 0.2bn), respectively, are attributable to this category. Assuming that actual transaction prices will deviate by +/- 10% from the calculated fair value, the earnings impact will be approximately DKK 72m in Q1/2013 (0.5% of equity at 31 March 2013). The earnings impact for the full year 2012 is estimated at DKK 100m (0.7% of equity at end-2012).

## Notes

DKK million

Nykredit Bank A/S		The Nykredit Bank Group	
31.03.2012	31.03.2013	31.03.2013	31.03.2012
<b>31. FOREIGN EXCHANGE AND INTEREST RATE EXPOSURES</b>			
<b>Foreign exchange risk</b>			
25	29	29	25
0.2	0.2	0.2	0.2
0	0	0	0
0	0	0	0
<b>Interest rate risk by the currency involving the highest interest rate exposure</b>			
203	232	234	204
(133)	(123)	(123)	(133)
10	14	14	10
1	0	0	1
(5)	(10)	(10)	(5)
0	(9)	(9)	0
0	4	4	0
2	(1)	(1)	2
<b>78</b>	<b>107</b>	<b>109</b>	<b>79</b>
<b>32. HEDGING INTEREST RATE RISK</b>			
The Nykredit Bank Group continuously hedges the interest rate risk of fixed-rate assets and liabilities using derivative financial instruments etc.			
This enables the Group to manage the level of its aggregate interest rate sensitivity taking into consideration the expected interest rate development.			
According to the accounting provisions, loans, advances and deposits are generally measured at amortised cost, while derivative financial instruments are measured at fair value. To obtain accounting symmetry between hedging and hedged transactions, adjustment of the carrying amounts of the financial assets and liabilities that form part of the effective hedge accounting has been allowed. The fair value adjustment exclusively concerns the hedged part (the interest rate exposure).			
<b>HEDGED FIXED-RATE ASSETS</b>			
1,150	1,097	1,097	1,150
<b>1,150</b>	<b>1,097</b>	<b>1,097</b>	<b>1,150</b>
<b>Market value of hedged fixed-rate assets</b>			
1,204	1,147	1,147	1,204
<b>1,204</b>	<b>1,147</b>	<b>1,147</b>	<b>1,204</b>
<b>Fair value adjustment</b>			
54	50	50	54
<b>54</b>	<b>50</b>	<b>50</b>	<b>54</b>
<b>Issued bonds at amortised cost</b>			
4,293	6,612	6,612	4,293
<b>4,293</b>	<b>6,612</b>	<b>6,612</b>	<b>4,293</b>
<b>Market value of hedged fixed-rate financial liabilities</b>			
4,424	6,804	6,804	4,424
<b>4,424</b>	<b>6,804</b>	<b>6,804</b>	<b>4,424</b>



## Notes

DKK million

## 33. GROUP STRUCTURE

Name and registered office	Revenue*	Assets	Liabilities	Share capital, 31.03.2013	Equity, 31.12.2012	Ownership interest as %, 31.03.2013	Profit for the period	Nykredit Bank's share of profit for the period	Equity, 31.03.2013	Carrying amount
Nykredit Bank A/S (Parent Company) a)	730	238,561	224,217	6,045	14,270	-	74	-	14,344	-
<b>Consolidated subsidiaries</b>										
Nykredit Portefølje Administration A/S, Copenhagen e)	58	299	25	25	259	100	15	15	274	274
Nykredit Pantebrevsinvestering A/S, Copenhagen b)	0	12	0	5	12	100	0	0	12	12
Nykredit Leasing A/S, Gladsaxe c)	27	3,093	2,927	46	161	100	5	5	166	166
FB Ejendomme A/S, Copenhagen d)	0	5	1	1	4	100	0	0	4	4
<b>Associates</b>										
Dansk Pantebrevsbørs A/S, Copenhagen b)	-	-	-	-	-	50	0	-	0	-

The company is subject to insolvency proceedings.

\* For companies preparing financial statements in accordance with the Danish Financial Business Act, revenue is defined as: Net interest and fee income, value adjustments and other operating income.

Nykredit Pantebrevsinvestering A/S has had few activities in 2012 and 2013.

- a) Bank
- b) Mortgage trading company
- c) Leasing company
- d) Property management company
- e) Investment management activities, including asset management and investment advisory services

## Notes

DKK million

	Q1/2013	Q4/2012	Q3/2012	Q2/2012	Q1/2012
<b>34. THE NYKREDIT BANK GROUP – FIVE QUARTERS</b>					
<b>SUMMARY INCOME STATEMENT</b>					
Net interest income	578	620	544	559	603
Dividend on equities and fee and commission income, net	181	205	137	155	156
<b>Net interest and fee income</b>	<b>759</b>	<b>825</b>	<b>681</b>	<b>714</b>	<b>759</b>
Value adjustments	46	(521)	(18)	36	(52)
Other operating income	7	23	10	7	7
Staff and administrative expenses	469	446	452	454	457
Other operating costs, depreciation and amortisation	27	9	19	(2)	12
Impairment losses on loans, advances and receivables	217	142	167	155	93
<b>Profit (loss) before tax</b>	<b>99</b>	<b>(270)</b>	<b>35</b>	<b>150</b>	<b>152</b>
Tax	25	(83)	10	31	41
<b>Profit (loss) for the period</b>	<b>74</b>	<b>(187)</b>	<b>25</b>	<b>119</b>	<b>111</b>
<b>Comprehensive income</b>					
Other comprehensive income	-	-	-	-	-
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>74</b>	<b>(187)</b>	<b>25</b>	<b>119</b>	<b>111</b>
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>					
<b>Assets</b>					
Cash balance and receivables from central banks	29,287	44,812	33,000	44,545	43,008
Loans, advances and other receivables at fair value	43,097	35,401	34,470	32,106	32,830
Loans, advances and other receivables at amortised cost	50,271	49,807	54,094	55,318	56,050
Bonds at fair value	63,823	58,023	77,328	72,499	71,787
Equities	427	376	374	340	392
Other asset items	52,427	52,099	56,593	48,531	43,161
<b>Total assets</b>	<b>239,332</b>	<b>240,518</b>	<b>255,859</b>	<b>253,339</b>	<b>247,228</b>
<b>Liabilities and equity</b>					
Payables to credit institutions and central banks	56,264	55,355	65,018	66,191	67,967
Deposits and other payables	65,183	54,701	53,684	55,446	56,828
Issued bonds	27,362	28,498	31,278	27,385	31,576
Other non-derivative financial liabilities at fair value	26,702	33,741	33,112	39,656	32,179
Remaining payables	48,910	53,468	57,850	49,778	43,917
<b>Total payables</b>	<b>224,421</b>	<b>225,763</b>	<b>240,942</b>	<b>238,456</b>	<b>232,467</b>
Provisions	317	235	210	201	198
Subordinated debt	250	250	250	250	250
Equity	14,344	14,270	14,457	14,432	14,313
<b>Total liabilities and equity</b>	<b>239,332</b>	<b>240,518</b>	<b>255,859</b>	<b>253,339</b>	<b>247,228</b>
<b>OFF-BALANCE SHEET ITEMS</b>					
Contingent liabilities	10,084	12,169	11,552	12,366	11,040
Other commitments	8,591	7,858	7,740	7,766	6,601
<b>FINANCIAL RATIOS</b>					
Total capital ratio, %	20.6	21.3	20.4	19.8	21.2
Tier 1 capital ratio, %	20.6	21.3	20.4	19.8	21.2
Return on equity before tax (pa), %	2.8	(7.5)	1.0	4.2	4.2
Return on equity after tax (pa), %	2.1	(5.2)	0.7	3.3	3.1

## Notes

DKK million

	Q1/2013	Q4/2012	Q3/2012	Q2/2012	Q1/2012
<b>34. THE NYKREDIT BANK GROUP – FIVE QUARTERS (continued)</b>					
<b>Summary core earnings and investment portfolio income</b>					
Core income from business operations	800	878	745	985	839
Value adjustment of derivatives and corporate bonds	15	(553)	(76)	(268)	(170)
Core income from securities	10	7	8	21	25
<b>Total core income</b>	<b>825</b>	<b>332</b>	<b>677</b>	<b>738</b>	<b>694</b>
Operating costs and depreciation of equipment	472	450	456	457	461
Payment to the Guarantee Fund for Depositors and Investors	24	5	15	(5)	8
<b>Core earnings before impairment losses</b>	<b>329</b>	<b>(123)</b>	<b>206</b>	<b>286</b>	<b>225</b>
Impairment losses on loans and advances	217	142	167	155	93
<b>Core earnings after impairment losses</b>	<b>112</b>	<b>(265)</b>	<b>39</b>	<b>131</b>	<b>132</b>
Investment portfolio income	(13)	(5)	(4)	19	20
<b>Profit (loss) before tax</b>	<b>99</b>	<b>(270)</b>	<b>35</b>	<b>150</b>	<b>152</b>
Tax	25	(83)	10	31	41
<b>Profit (loss) for the period</b>	<b>74</b>	<b>(187)</b>	<b>25</b>	<b>119</b>	<b>111</b>

## Notes

DKK million

	Q1/2013	FY 2012	Q1/2012	Q1/2011	Q1/2010	Q1/2009
<b>35. THE NYKREDIT BANK GROUP – FINANCIAL HIGHLIGHTS</b>						
<b>SUMMARY INCOME STATEMENT AND COMPREHENSIVE INCOME</b>						
Net interest and fee income	759	2,979	759	815	891	920
Value adjustments	46	(555)	(52)	(74)	193	(39)
Other operating income	7	47	7	7	11	12
Staff and administrative expenses	469	1,809	457	433	510	471
Other operating costs, depreciation and amortisation	27	38	12	74	130	147
Impairment losses on loans, advances and receivables	217	557	93	26	381	892
Profit from investments in associates and group enterprises	-	-	-	-	-	-
<b>Profit (loss) before tax</b>	<b>99</b>	<b>67</b>	<b>152</b>	<b>215</b>	<b>74</b>	<b>(617)</b>
Tax	25	(1)	41	54	53	(147)
<b>Profit (loss) for the period</b>	<b>74</b>	<b>68</b>	<b>111</b>	<b>161</b>	<b>21</b>	<b>(470)</b>
<b>Comprehensive income</b>						
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income</b>	<b>74</b>	<b>68</b>	<b>111</b>	<b>161</b>	<b>21</b>	<b>(470)</b>
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>						
<b>Assets</b>						
Cash balance and receivables from central banks and credit institutions	29,287	44,812	43,008	28,515	45,103	28,297
Loans, advances and other receivables at fair value	43,097	35,401	32,830	13,451	13,314	25,749
Loans, advances and other receivables at amortised cost	50,271	49,807	56,050	60,517	59,871	67,961
Bonds at fair value and equities	64,250	58,399	72,179	68,298	74,394	74,857
Other asset items	52,427	52,099	43,161	27,802	36,136	35,665
<b>Total assets</b>	<b>239,332</b>	<b>240,518</b>	<b>247,228</b>	<b>198,583</b>	<b>228,818</b>	<b>232,529</b>
<b>Liabilities and equity</b>						
Payables to credit institutions and central banks	56,264	55,355	67,967	40,888	66,382	77,336
Deposits and other payables	65,183	54,701	56,828	53,648	59,762	59,270
Issued bonds at amortised cost	27,362	28,498	31,576	33,886	40,365	42,207
Other non-derivative financial liabilities at fair value	26,702	33,741	32,179	28,030	14,327	4,728
Remaining payables	48,910	53,468	43,917	27,184	33,490	34,485
<b>Total payables</b>	<b>224,421</b>	<b>225,763</b>	<b>232,467</b>	<b>183,636</b>	<b>214,326</b>	<b>218,026</b>
Provisions	317	235	198	282	948	150
Subordinated debt	250	250	250	735	1,149	4,161
Equity	14,344	14,270	14,313	13,930	12,395	10,192
<b>Total liabilities and equity</b>	<b>239,332</b>	<b>240,518</b>	<b>247,228</b>	<b>198,583</b>	<b>228,818</b>	<b>232,529</b>
<b>OFF-BALANCE SHEET ITEMS</b>						
Contingent liabilities	10,084	12,169	11,040	12,175	20,131	15,860
Other commitments	8,591	7,858	6,601	7,378	8,476	8,570



## Notes

DKK million

Q1/2013    FY 2012    Q1/2012    Q1/2011    Q1/2010    Q1/2009

**35. THE NYKREDIT BANK GROUP – FINANCIAL HIGHLIGHTS (continued)****FINANCIAL RATIOS**

Total capital ratio, %	20.6	21.3	21.2	16.4	12.4	11.6
Tier 1 capital ratio, %	20.6	21.3	21.2	15.9	12.4	8.7
Return on equity before tax, %*	0.7	0.5	1.1	1.6	0.6	(6.1)
Return on equity after tax, %*	0.5	0.5	0.8	1.2	0.2	(4.6)
Income:cost ratio*	1.14	1.03	1.27	1.40	1.07	0.59
Interest rate exposure, %	0.7	0.5	0.6	1.0	0.7	0.9
Foreign exchange position, %	0.2	0.0	0.1	0.9	2.5	1.5
Foreign exchange exposure, %	0.0	0.0	0.0	0.0	0.0	0.0
Loans and advances:deposits*	1.5	1.6	1.7	1.5	1.4	1.6
Loans and advances:equity*	6.5	6.0	6.2	5.3	5.9	9.2
Growth in loans and advances for the period, %*	9.6	9.4	14.1	2.7	0.4	(4.3)
Excess cover:statutory liquidity requirements, %	218.1	183.2	209.5	212.8	243.8	165.0
Total large exposures, %	15.2	0.0	0.0	11.7	70.7	75.9
Impairment losses for the period, %*	0.2	0.5	0.1	0.0	0.4	0.8
Average number of staff, full-time equivalents*	856	850	848	791	1,082	1,331

The financial ratios have been calculated in accordance with the definitions of the Danish Executive Order on the Presentation of Financial Statements.

\* 2009 has been restated to reflect the changes resulting from the merger with Forstædernes Bank.

Financial ratios regarding total capital and Tier 1 capital ratios etc are not affected by the merger with Forstædernes Bank.

## Financial ratios, definitions

<b>Total capital ratio, %</b>	Capital base divided by risk-weighted assets
<b>Tier 1 capital ratio, %</b>	Tier 1 capital after statutory deductions divided by risk-weighted assets
<b>Core Tier 1 capital ratio, %</b>	Calculated as the financial ratio "Tier 1 capital ratio, %", but less hybrid capital
<b>Return on equity before tax, %</b>	Profit (loss) before tax as a percentage of average equity
<b>Return on equity after tax, %</b>	Profit (loss) after tax as a percentage of average equity
<b>Income:cost ratio</b>	Income incl profit (loss) from associates and group enterprises divided by costs less tax
<b>Interest rate exposure, %</b>	Interest rate exposure divided by Tier 1 capital after statutory deductions
<b>Foreign exchange position, %</b>	Foreign exchange indicator 1 divided by Tier 1 capital less statutory deductions
<b>Foreign exchange exposure, %</b>	Foreign exchange indicator 2 divided by Tier 1 capital less statutory deductions
<b>Loans and advances:deposits</b>	Loans and advances + impairment provisions divided by deposits Loans and advances: Include loans and advances at fair value and loans and advances at amortised cost
<b>Loans and advances:equity</b>	Loans and advances divided by equity (end of period) Loans and advances: Include loans and advances at fair value and loans and advances at amortised cost
<b>Growth in loans and advances for the year/period, %</b>	Growth in loans and advances from the beginning to the end of the year/period (loans and advances at the beginning of the year/period divided by loans and advances at the end of the year/period) Loans and advances: Include loans and advances at fair value and loans and advances at amortised cost
<b>Excess cover:statutory liquidity requirements, %</b>	Excess cover relative to the 10% requirement of s 152 of the Danish Financial Business Act (Available excess liquidity relative to 10% of reduced payables) (Reduced payables: Balance sheet total + guarantees - equity - subordinated debt included in the determination of the capital base)
<b>Total large exposures, %</b>	Total large exposures divided by the capital base
<b>Impairment losses for the year/period, %</b>	Impairment losses for the year/period divided by loans and advances + guarantees + impairment provisions

The financial ratios have been calculated in accordance with the Danish FSA's guidelines for reporting purposes. The financial ratio "Core Tier 1 capital ratio, %" is, however, not included in the guidelines.

*This document is an English translation of the original Danish text. In the event of discrepancies between the original Danish text and the English translation, the Danish text shall prevail.*